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1. THEORETICAL BACKGROUND OF THE ENTERPRISE'S MANAGEMENT SYSTEM FOR THE SALE OF EXPORT PRODUCTS
2. ANALYSIS OF THE INTERNAL AND EXTERNAL ENVIRONMENT OF L LUOSIFEN FOOD COMPANY
3. SELECTION AND FORMULATION OF DEVELOPMENT STRATEGIES FOR L LUOSIFEN FOOD COMPANY

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ABSTRACT

In recent years, Liuzhou (snail rice noodle) has rapidly gained popularity as a "viral food" both domestically and internationally, thanks to the rise of industrialization, the internet, social media, and e-commerce platforms, coupled with strong support from the Liuzhou government. As the industry develops, however, issues such as low entry barriers, serious product homogeneity, and price competition have led many companies in the sector into development difficulties. The research focuses on Li Ziqi Luosifen Food Company (referred to as "Company L"), a national high-tech enterprise and regional agricultural industry leader that has grown alongside the industry. It examines how Company L can fully leverage its advantages, formulate its development strategy, and explore sustainable growth pathways in the face of intense market competition, which is crucial for the company's long-term success.

This paper uses methods such as literature research, field surveys, and interviews, along with the PEST analysis and Porter's Five Forces Model, to study the external environment and industry competition of Company L. It identifies key external factors and constructs an EFE (External Factor Evaluation) Matrix to assess the company's responses to these factors. The findings suggest that Company L is generally better positioned to seize opportunities and mitigate risks within the Luosifen industry. By analyzing the company's internal resources and capabilities, this study identifies internal key factors and creates an IFE (Internal Factor Evaluation) Matrix to evaluate the company's internal situation. The analysis indicates that Company L's internal strengths outweigh its weaknesses.

KEYWORDS:

LUOSIFEN FOOD COMPANY, CONVENIENCE FOOD INDUSTRY, DEVELOPMENT STRATEGY, COMPETITIVE STRATEGY

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INTRODUCTION

In recent years, Liuzhou (snail rice noodle) has rapidly gained popularity as a "viral food" both domestically and internationally, thanks to the rise of industrialization, the internet, social media, and e-commerce platforms, coupled with strong support from the Liuzhou government. As the industry develops, however, issues such as low entry barriers, serious product homogeneity, and price competition have led many companies in the sector into development difficulties. The research focuses on Li Ziqi Luosifen Food Company (referred to as "Company L"), a national high-tech enterprise and regional agricultural industry leader that has grown alongside the industry. It examines how Company L can fully leverage its advantages, formulate its development strategy, and explore sustainable growth pathways in the face of intense market competition, which is crucial for the company's long-term success.

This paper uses methods such as literature research, field surveys, and interviews, along with the PEST analysis and Porter's Five Forces Model, to study the external environment and industry competition of Company L. It identifies key external factors and constructs an EFE (External Factor Evaluation) Matrix to assess the company's responses to these factors. The findings suggest that Company L is generally better positioned to seize opportunities and mitigate risks within the Luosifen industry. By analyzing the company's internal resources and capabilities, this study identifies internal key factors and creates an IFE (Internal Factor Evaluation) Matrix to evaluate the company's internal situation. The analysis indicates that Company L's internal strengths outweigh its weaknesses.

With the company's mission, vision, and development objectives in mind, this paper uses SWOT analysis to identify potential strategic options for Company L's overall and competitive strategies, and employs the QSPM (Quantitative Strategic Planning Matrix) to select the most appropriate overall strategy. Based on the analysis of the competitive environment, the paper suggests that Company L should adopt an intensive growth strategy as the main strategy, supported by related

diversification, and implement a cost leadership strategy for its rice noodle business. By optimizing cost-efficiency measures, the company can gain a stronger competitive edge in the market. For the Luosifen business, a differentiation strategy is recommended to carve out a niche in a market characterized by severe homogeneity. Finally, the paper proposes strategic measures to ensure the effective implementation of Company L's development strategy, focusing on organization, funding, talent, culture, and food safety.

SECTION 1. THEORETICAL BACKGROUND OF THE ENTERPRISE'S MANAGEMENT SYSTEM FOR THE SALE OF EXPORT PRODUCTS

1.1 Research background

Food is a fundamental necessity for people, and as a major global food manufacturing and consumption country, China's food industry plays a vital role in ensuring the well-being of its population. Among its various sub-sectors, convenience foods hold particular significance. In recent years, China's rapid economic growth and accelerated pace of life have prompted changes in lifestyle, with the "lazy economy" driving the fast development of the convenience food industry. The scale of the convenience food industry has grown from 394.8 billion yuan in 2016 to 506.5 billion yuan in 2021, with an annual compound growth rate of 5.11%. By 2022, the overall industry size had reached 596.1 billion yuan. Under such a large domestic market, the demand for high-quality food continues to grow, promoting market-driven innovations in the convenience food sector. Diversification, nutritional enrichment, and health-conscious products have brought new opportunities to the industry.

The trend of diversification is especially prominent, with regional cuisines gaining traction. Local snacks have become a driving force in the convenience food sector. Liuzhou Luosifen (snail rice noodle) is one of the prominent examples of this trend. After its rise, it quickly became a viral food both in China and abroad.

Luosifen gradually became a local delicacy in Liuzhou in the 1970s, traditionally served in restaurants. Since 2014, thanks to innovations in technology and marketing models, pre-packaged Luosifen has emerged to meet the needs of diverse consumer scenarios. The novel name and distinct "smelly" flavor of Luosifen made it an instant hit, with natural "traffic attraction" and support from "industrialization + internet" along with strong backing from the Liuzhou municipal government. Social media, e-commerce platforms, short videos, and live-streaming channels played a crucial role in this rapid transformation. In just a few years, Liuzhou Luosifen, once a little-known local snack, evolved into a widely popular

"internet celebrity" food and a city icon, highly favored by younger generations of consumers. In 2020, amid the COVID-19 pandemic, it quickly rose to become a hot product in the market.

Statistics show that in 2023, the total sales revenue of the entire Luosifen industry chain was 66.99 billion yuan, representing a year-on-year growth of 11.5%. It is estimated that by 2025, the market size will reach 88.99 billion yuan. However, as the industry and technology develop, and as sales channels and marketing models continue to innovate, an increasing number of companies are entering the Luosifen market. Despite the low entry barriers, the industry faces challenges such as the lack of leading companies, severe product homogeneity, and similar brand positioning, leading to fierce competition. Some companies have even begun engaging in price wars, resulting in a phenomenon of "involution" within the market.

Company L, a firm focused on producing dry rice noodles and pre-packaged Luosifen as its supplementary business, was founded in 2016. Relying on its 20-plus years of rice noodle production experience and benefiting from the policy support for Luosifen in Liuzhou, the company rapidly expanded in scale, particularly during the pandemic, which led to a surge in demand for convenience foods. Currently, it has become a regional agricultural industry leader and a major supplier of rice noodle ingredients for the Luosifen sector. However, with industry developments, many large brands have started investing in their own rice noodle production lines, leading to downward pressure on raw material prices due to price competition. After the pandemic restrictions eased, the recovery of brick-and-mortar store economies has impacted pre-packaged Luosifen sales. Company L faces urgent challenges, including limited product varieties, a narrow sales channel, and insufficient brand influence. The company urgently needs to conduct an in-depth analysis of its market environment, competitive landscape, and internal resources at the strategic level, and formulate a development strategy that aligns with its current situation. This will help clarify its future development direction, further enhance its competitiveness, and plan for long-term growth.

This study aims to analyze and research the actual conditions for the development of Company L, conduct an in-depth examination of the company's current situation, help the company identify the prevailing industry competition and development trends, and formulate a development strategy that aligns with the company's current state, along with appropriate implementation safeguards.

With the rapid development of the Luosifen industry, competition has become increasingly intense. This paper studies the industry background and development trends for Company L, analyzes the industry environment, and assesses the company's internal resources and conditions. By scientifically and rationally formulating a development strategy, this research aims to provide valuable insights for the company's management decisions. It seeks to strengthen the core competitiveness of Company L, enabling the company to leverage its internal resources and capabilities to withstand external business risks, maintain steady development, and achieve sustainable growth. This research holds significant value for both the company's long-term development and the broader Luosifen industry. Moreover, it contributes to the practical enhancement of the Luosifen industry in Liuzhou.

This study is primarily aimed at analyzing the current development conditions of L Company and the characteristics of the luosifen industry. Based on this analysis, the research intends to develop a strategic plan that aligns with L Company's current situation, offering recommendations to enhance its core competitiveness and achieve stable, sustainable, and healthy growth. This research aims to provide a comprehensive strategic analysis for L Company, taking into account both external market factors and internal capabilities, and proposing actionable strategies for long-term growth and competitiveness.

1.2 Relevant strategic theories and analytical tools

Strategic management refers to the process of analyzing, formulating, selecting, implementing, and evaluating business strategies. Corporate strategy includes three

levels: overall strategy, competitive strategy, and functional strategy. The Overall Strategy represents the highest-level plan that guides and controls a company's actions, establishing overarching goals and defining the development direction. Building upon this, the Competitive Strategy focuses on achieving a competitive advantage in the market, aligning with the broader objectives set by the overall strategy. To support these, Functional Strategies are formulated within specific operational areas such as production, marketing, and human resources. These functional strategies operate under the guidance of the overall and competitive strategies to ensure the successful achievement of the company's strategic goals.

From the perspective of development trends, overall strategies generally include stability strategy, growth strategy, retrenchment strategy, and hybrid strategy. Competitive strategies mainly involve cost leadership, differentiation, and focus strategies. Functional strategies cover various departments, including production strategy, marketing strategy, research and development (R&D) strategy, financial strategy, and human resources strategy.

(1) PEST Analysis This tool is used to analyze the macro-environmental factors affecting a business, including political and legal, economic, social, and technological factors. It helps companies understand external environmental changes and trends, allowing them to adapt their strategies accordingly.

(2) Porter's Five Forces Model

This model is a framework for analyzing the competitive structure and intensity of an industry. It examines five forces: the threat of new entrants, the threat of substitutes, the bargaining power of suppliers, the bargaining power of buyers, and the intensity of competitive rivalry. This model helps businesses understand the competitive dynamics within their industry and formulate effective competitive strategies.

(3) EFE Matrix (External Factors Evaluation Matrix)

The EFE Matrix is a tool used to analyze a company's external environment. It helps summarize the opportunities and threats a company faces, providing a comprehensive assessment of its ability to adapt to the external environment. By evaluating the key

external factors, businesses can better identify the strategic actions needed to capitalize on opportunities and address potential threats.

(4) IFE Matrix (Internal Factors Evaluation Matrix)

The IFE Matrix is used to assess a company's internal strengths and weaknesses. It helps companies identify the relative strength of their internal resources and capabilities, allowing them to create appropriate strategies. The IFE Matrix evaluates key internal factors, such as human resources, financial resources, operational capabilities, and organizational culture, to guide decision-making.

(5) SWOT Analysis

SWOT analysis is a widely used strategic planning tool that examines a company's internal strengths (S), weaknesses (W), external opportunities (O), and threats (T). By conducting a thorough analysis of these four dimensions, companies gain a clearer understanding of their internal conditions and external environment. This enables them to develop suitable development strategies and competitive tactics to better respond to market changes and competitive challenges.

(6) QSPM Matrix (Quantitative Strategic Planning Matrix)

The QSPM Matrix is a critical analysis tool in the strategic decision-making process. It is used to evaluate alternative strategies and determine which one is the best for the company. By assigning numerical values to various strategic options based on their relative importance, the QSPM Matrix allows businesses to objectively compare different strategies and select the most effective one.

1.3 Approaches for evaluation effectiveness of sale strategy

The concept of corporate strategy originated in the military field, and over time, it has been widely applied in various domains such as politics, economics, society, and business. In the early 20th century, the idea of strategy was introduced into the management practices of European and American businesses, where scholars made substantial contributions to the field of corporate strategy.

In 1938, American economist Chester Barnard, in his book *The Functions of the Executive*, proposed the concept of strategic factors, marking the beginning of corporate strategy research. In 1962, American management scholar Alfred Chandler, in his book *Strategy and Structure: Chapters in the History of the Industrial Enterprise*, introduced the idea that "structure follows strategy," which laid the foundation for modern strategic management research. In 1965, Igor Ansoff, in *Corporate Strategy*, systematically explained corporate strategy issues, establishing a theoretical foundation for the formation and development of corporate strategy. In 1971, Andrew's *The Concept of Corporate Strategy* introduced the two-stage basic strategic management model for formulating and implementing corporate strategy, and presented the SWOT analysis framework for strategic decision-making. In 1978, C.W. Hofer's *Strategic Management* and W.R. King & D.I. Cleland's *Strategic Planning and Policy* represented a shift from theoretical research to practical applications in strategic management.

In the 1980s, profound changes in the global economic landscape and the intensifying market competition shifted the focus of strategic research to the competitive aspects of business. Michael Porter's *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (1980) and *Competitive Advantage* (1985) outlined strategic management ideas and analysis frameworks, introducing the Five Forces Model for industry structure analysis. In the mid-to-late 1980s and 1990s, the focus of strategic research shifted towards the firm's ability to forecast market trends and respond to changes in customer demand, which increasingly became a key factor for business competitiveness. Scholars such as Gary Hamel and C.K. Prahalad shifted the strategic focus from Porter's structural view to a capability-based view, emphasizing that a firm is essentially a collection of capabilities.

In the late 1990s, the acceleration of technological innovation, changes in the industrial environment, diversification of customer demands, and globalization of competition, combined with the rapid development of the internet and e-commerce, further shaped the focus of strategic management research. One of the central trends in corporate strategy was the importance of continuous innovation to surpass

competition. Corporate strategy management in this period presented two major trends: the advocacy of competitive cooperation and strategy management based on information technology.

With ongoing developments in the business environment and strategic management practices, corporate strategy management theories have continually evolved. Factors such as economic globalization, technological breakthroughs, management innovations, and cultural changes have contributed to the continuous improvement of corporate strategy management theory

The formulation of corporate development strategies is crucial for businesses to adapt to market changes and achieve sustainable development. Juliane and Ana (2020) argue that integrating sustainability into a company's strategy and embedding it into daily tasks across departments is essential for the company's sustainable growth. Skordoulis (2022) and other scholars, using the example of medium and large companies in Greece, highlight the intermediary role of corporate strategy in linking green entrepreneurship, green innovation, and competitive advantage. Zhao (2022) emphasizes that strategic management is crucial for startups, and sustainable long-term development is inseparable from appropriate strategic management. Handoyo (2023) et al. propose that manufacturing companies with proactive business strategies perform significantly better than those using defensive strategies.

When it comes to strategy formulation, both external and internal environments have been key areas of focus for scholars. Guo Yanjun and Qi Dawei (2015) suggest that companies must consider changes in the external environment and combine current understanding with future predictions to devise long-term strategies. Jin Wei (2017) argues that firms need to conduct thorough analyses of both internal and external resources to formulate strategies that guide the overall development of the company. Lei Lei (2018) believes companies should leverage their internal advantages, relevant policies, and invest in talent development, technology, and management experience to enhance their competitiveness. Wang Sufei (2019) suggests that firms should take into account both internal and external conditions when constructing development strategies, aligning strategic objectives with planning,

and optimizing internal controls. Yang Hua (2021) argues that companies should learn from the successful development experiences and governance practices of others to craft strategies suited to their own context. Zhao Yan and Liang Zhong (2022) emphasize that strengthening the internal control system and incorporating strategic risks into proactive management is crucial for high-quality development. Sun Tao and Luan Xiangru (2022) advocate that firms should select appropriate diversification strategies based on their development and core business positioning.

A comprehensive analysis of the relevant literature reveals that current research on both corporate strategy and the development trends of the convenience food industry is abundant and comprehensive.

Regarding corporate strategy, many studies on the strategic management of small and medium-sized enterprises (SMEs) have highlighted issues such as insufficient awareness of strategic management and a lack of strategic talent in many companies. In terms of strategy formulation, it is suggested that companies should integrate external environmental factors with their internal resource advantages, enhance internal control management, and improve innovation capabilities to formulate development strategies suited to their current situation. In the implementation of strategic development, scholars encourage enterprises to deepen strategic transformation, strengthen the efficient connection between strategy implementation and operations, and improve the precision of talent resource management and corporate strategic management to enhance overall competitiveness.

The research on the convenience food industry mainly focuses on product innovation and differentiation. In the context of consumption upgrades, scholars emphasize that the convenience food industry must address production processes, flavor quality, and food safety to meet the changing demands of consumers. The industry is moving toward nutritional, healthy, and diversified development. Scholars also highlight that the key to growth lies in meeting consumer preferences for healthier, more nutritious, and more varied products.

As for research on convenience food enterprises, scholars primarily focus on marketing strategies and competitive strategies. The main directions of marketing

strategies for convenience food companies are to identify and adapt to consumer needs, foster continuous innovation, expand sales channels, and segment markets. These strategies are crucial for gaining market share and establishing a competitive advantage. Scholars also emphasize that convenience food enterprises should leverage consumer behavior insights to craft personalized marketing and develop new products that appeal to niche markets.

In conclusion, the research indicates that both the overall industry and individual enterprises within the convenience food sector are actively adapting to the changing market environment, driven by consumer demands for healthier, more innovative, and culturally diverse products. Furthermore, corporate strategic management is increasingly focused on aligning external opportunities with internal capabilities, improving organizational efficiency, and enhancing innovation to remain competitive in a dynamic market environment.

SECTION 2. ANALYSIS OF THE INTERNAL AND EXTERNAL ENVIRONMENT OF L LUOSIFEN FOOD COMPANY

2.1 External environment analysis of L LUOSIFEN FOOD COMPANY

The convenience food industry occupies an important position in China's consumer goods sector, while local specialty industries are both the core carrier and a key growth engine of China's food industry development. This sector has received significant attention and support from the national government and relevant authorities. The government has introduced a series of policies to guide the development and innovation of the convenience food industry, encourage the establishment of convenience food formats, and promote the creation of local specialty industry clusters, as shown in Table 2.1.

The introduction of relevant national policies has provided a clear and broad market outlook for the development of the convenience food industry and local specialty industries, as well as policy guidance for the production and operation of convenience food enterprises.

In April 2024, General Secretary Xi Jinping visited Liuzhou to investigate the development of the Liuzhou Luosifen (snail rice noodle) industry. During his visit, he emphasized that industry development must be distinctive, and Luosifen is a unique product. He further pointed out that the development of specialty industries should be based on local conditions and advantages, focusing on standardization, branding, and strict quality control, to promote the high-quality development of the industry. General Secretary Xi's guidance provides clear direction for the future high-quality development of the Liuzhou Luosifen industry.

To guide the high-quality development of the rice noodle industry centered around Liuzhou Luosifen, the autonomous region government has issued a series of policies.

These policies emphasize the planning of a complete industrial chain for Guangxi's specialty rice noodles, focusing on key technological breakthroughs

related to Liuzhou Luosifen, expanding the scale of the Luosifen industry, and promoting the high-quality development of the specialty industry, as shown in Table 2.2.

Table 2.1.

Convenience Food Industry Related Policies

Publication Date	Issuing Authority	Policy Name	Main Content
Mar-20	National People's Congress	Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives for 2035	Promote the development of local specialty food industries, establish advantageous agricultural product areas, and advance industrial integration and chain reconstruction.
Feb-21	State Council	14th Five-Year Plan for Promoting Agricultural and Rural Modernization	Encourage the establishment of large convenience food corporations to meet diverse and personalized consumer demands. Develop central kitchens, leisure convenience foods, and other formats.
Aug-21	National Health Commission	14th Five-Year Plan for Food Safety Standards and Monitoring and Evaluation	Enhance the detection, identification, and assessment of safety risks in convenience foods. Implement the National Nutrition Plan and the Reasonable Diet Convenience Food Initiative.
Mar-22	Ministry of Industry and Information Technology and 11 other departments	Guidelines for Cultivating Traditional Advantageous Food Production Areas and Local Specialty Food Industries	Support the development of traditional advantageous food industries and create industrial clusters for convenience foods and other local specialty food industries.

Source: Compiled by the author based on publicly available information.

The introduction of relevant policies by the autonomous region has made more specific plans for the development of the Luosifen industry, providing policy support for the internationalization of the industry and guiding the high-quality development of the Luosifen sector.

The remarkable transformation of the Luosifen industry, from a "small rice noodle" to a "large-scale industry," would not have been possible without the dedicated efforts of the government. Since the establishment of the Luosifen industry, the Liuzhou municipal government has introduced numerous development plans and support policies.

Table 2.2.

Guangxi Issued Liuzhou Snail Rice Noodles Industry Related Policies

Publication Date	Issuing Authority	Policy Name	Main Content
Jul-22	Autonomous Region Government	Implementation Plan for Accelerating the High-Quality Development of Liuzhou Luosifen and Guangxi Advantageous Specialty Rice Noodle Industries	Develop the full industry chain of Guangxi's advantageous specialty rice noodles, cultivate leading enterprises in the rice noodle industry, guide enterprises to expand overseas markets, and establish industrial clusters to promote high-quality development.
Nov-23	Autonomous Region Government	Guangxi Technology Innovation 14th Five-Year Plan	Focus on key core technologies, concentrate on solving key technological challenges in the Liuzhou Luosifen industry, and create an internet platform for the specialty industry.
Mar-24	Autonomous Region Government	Plan for Expanding Liuzhou Luosifen Exports	Expand the scale of the Liuzhou Luosifen industry and its exports, strengthen guidance on Liuzhou Luosifen activities, and implement various preferential policies.

Source: Compiled by the author based on publicly available information.

These efforts have nurtured Luosifen from a "small sapling" into a "big tree," allowing the industry to experience significant growth.

Table 2.3

Liuzhou Snail Rice Noodles Industry Related Policies

Publication Date	Issuing Authority	Policy Name	Main Content
Mar-21	Liuzhou Municipal Government	Implementation Plan for Promoting the Development of Liuzhou Luosifen Industry	Establish development goals for the Liuzhou Luosifen industry from 2016 to 2020. Develop the overall strategy for the growth of the industry.
Jun-22	Liuzhou Municipal Government	Several Policy Measures for Upgrading and Developing Liuzhou Luosifen Industry	Formulate a development plan for the Liuzhou Luosifen industry and promote comprehensive industry upgrades.

Jun-22	Liuzhou Municipal Government	Implementation Measures for Identifying Demonstration Bases for Luosifen Raw Materials	Specify the standards and conditions for identifying demonstration bases for raw materials.
Sep-23	Liuzhou Municipal Government	Overall Implementation Plan for Accelerating the High-Quality Development of Liuzhou Luosifen	Promote the optimization and strengthening of the entire Luosifen industry chain, focusing on the development of pre-packaged Luosifen and raw material production bases.
Dec-23	Liuzhou Municipal Government	Liuzhou Industrial Development 14th Five-Year Plan	Focus on advancing industrial development in line with the national "14th Five-Year Plan" and boosting Luosifen industry growth.
Jan-24	Liuzhou Municipal Government	Implementation Plan for Promoting the Construction of a Standard System for the Entire Luosifen Industry Chain	Establish a standardized system to cover the entire industry chain and guide the quality transformation of the Luosifen industry through standards.
Nov-24	Liuzhou Municipal Government	Liuzhou Luosifen Industry Development Regulations	Use legislation to promote high-quality development across the entire Luosifen industry chain.

Source: Compiled by the author based on publicly available information.

As shown in Table 2.3, since 2021, the Liuzhou municipal government has introduced a series of policies, which are comprehensive and cover a wide range of areas. These include setting clear development goals for the industry, formulating measures for the development of the entire Luosifen industry chain, establishing raw material demonstration bases, building a standardized system to cover the entire industry chain, and promoting the real, optimal, and strong development of the Luosifen industry chain. Additionally, legislative efforts have been made to promote the high-quality development of the Luosifen industry chain.

The development of the Liuzhou Luosifen industry, from a "small rice noodle" to a "large industry," owes much to the various policy supports and the gradually improving policy and regulatory framework provided by the Liuzhou municipal

government. These policies have played a crucial role in supporting the industry's growth from non-existence to strength, and from strength to excellence.

Changes in the economic environment directly impact consumer purchasing power. The global economic situation has become increasingly complex and challenging. Since 2020, the COVID-19 pandemic has led to a slowdown in China's economic growth. However, following the easing of pandemic restrictions, China's economy has been steadily recovering, showing an overall positive trend with strong resilience, potential, and vitality.

According to data released by the National Bureau of Statistics, in 2023, China's GDP reached 1,260,582 billion yuan, an increase of 5.2% compared to 2022, based on constant prices. This reflects a continuous improvement in both the overall economic volume and per capita income, further enhancing the country's comprehensive national strength. Overall, China's economy remains stable with a long-term positive growth outlook, as shown in Fig 2.1

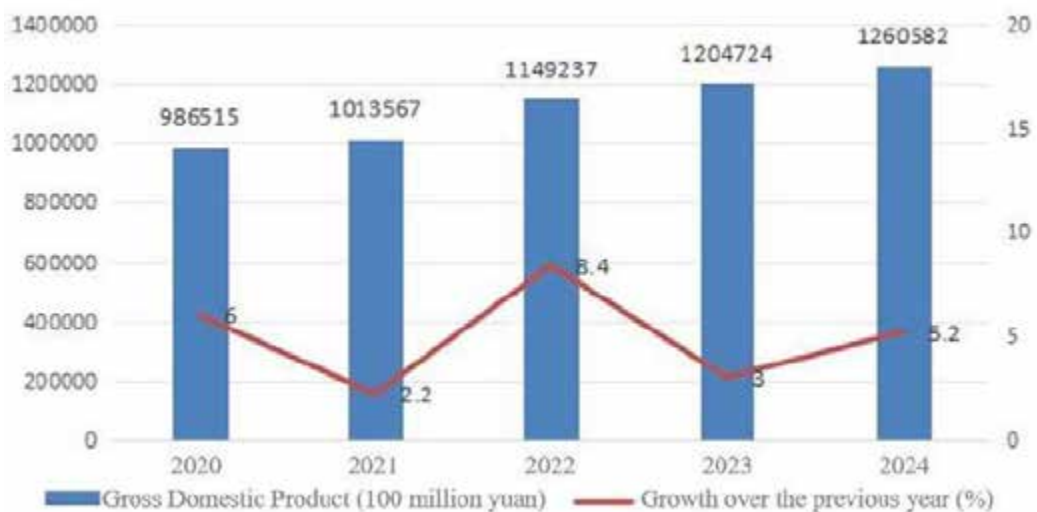


Fig.2.1 Gross Domestic Product And Growth Rate From 2020 to 2024

The steady economic growth has driven a year-on-year increase in per capita disposable income. According to data from the National Bureau of Statistics, in 2024, the national per capita disposable income reached 39,218 yuan, a nominal increase of 6.3% compared to the previous year, with a real growth rate of 6.1% after adjusting for price factors. This reflects the continuous rise in residents' income and an all-around improvement in living standards, as shown in Fig 2.2.

With the improvement in residents' income levels, their demand for and ability to consume food are directly influenced. According to data from the National Bureau of Statistics in 2023, the national per capita consumption expenditure reached 26,796 yuan, with the largest share spent on food, tobacco, and alcohol, totaling 7,983 yuan, a year-on-year increase of 6.7%. This accounted for 29.8% of per capita consumption expenditure.

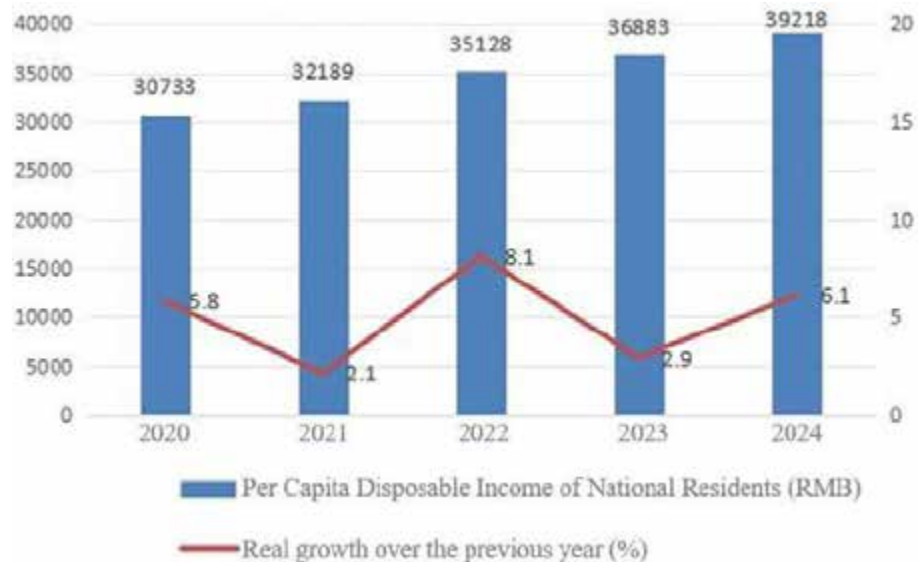


Fig.2.2 National Per Capita Disposable Income And Growth Rate From 2020 to 2024

The growth in per capita wealth leads to an increase in consumers' cognitive abilities and consumption desires, thereby driving the iteration and upgrade of consumption patterns, as shown in Fig 2.3.

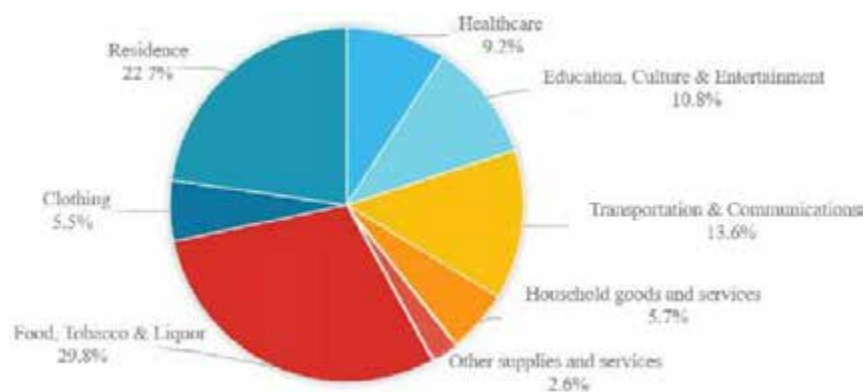


Fig.2.3 National Per Capita Consumption Expenditure And Its Composition in 2024

The economic performance in Guangxi has remained relatively stable, with all three industries showing growth. According to data from the Guangxi Zhuang Autonomous Region Statistics Bureau, the region's Gross Domestic Product (GDP) in 2024 reached 2,720.239 billion yuan, a 4.1% increase compared to the previous year,

based on constant prices. In terms of industry, the added value of each sector has also risen. The added value of the primary industry was 446.818 billion yuan, growing by 4.7%; the secondary industry reached 892.413 billion yuan, growing by 3.2%; and the tertiary industry reached 1,381.008 billion yuan, growing by 4.4%, as shown in Fig 2.4.

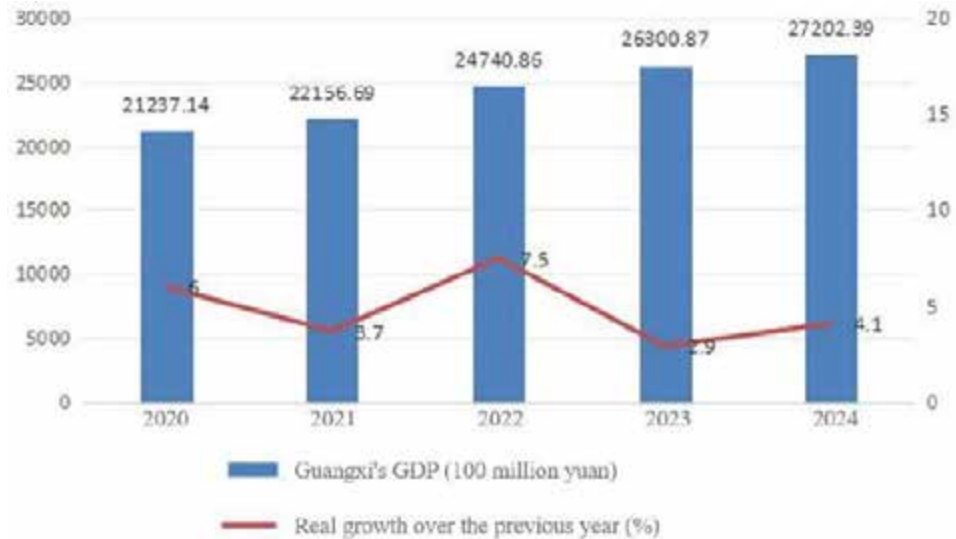


Fig.2.4 Gross Domestic Product And Growth Rate of Guangxi From 2020 To 2024

The fast-paced modern lifestyle has accelerated a shift in consumer dietary concepts. Many office workers now lack sufficient time to cook, and the pandemic has catalyzed new economic models such as the "stay-at-home economy," "lazy economy," and "live-streaming economy." Pre-packaged snail noodles (luosifen) effectively address the convenience needs of consumers' meals while offering a taste experience similar to that of physical stores. During the pandemic, the demand for pre-packaged luosifen surged, leading to a "shortage" situation at times.

The transformation of people's lifestyles has also triggered a diversification of consumption scenarios. "Eating" is no longer merely driven by hunger; it could be motivated by activities such as watching dramas, snacking, late-night meals, craving spicy food, social gatherings, or working overtime. Currently, e-commerce platforms and live-stream shopping have become the primary channels for consumers to make purchases. On these platforms, luosifen comes in various types and flavors, providing consumers with greater choice and convenience.

As people's material living standards improve, their consumption demands have shifted from purely material needs to more diversified demands for quality, brand, experience, and individuality. Among the current market segments, the post-90s, post-00s, and Generation Z consumers are gradually becoming the main force driving the consumption of fast-moving convenience foods. Their demand for pre-packaged convenience foods has evolved from merely wanting to "satisfy hunger" to seeking "health," "richness," and other personalized, diversified needs. Luosifen, with its rich variety of ingredients, multiple flavors, diverse brands, and higher nutritional value, caters to consumers' tastes while also meeting the fast-food culture needs of the emerging consumer groups.

The development of internet technologies has accelerated the dissemination of information, drastically changing how consumers access and share information. Traditional channels, such as TV reports, newspapers, and advertisements, have shifted to social media platforms like Weibo, WeChat, and Douyin. Information consumption has evolved from passive acquisition to active interaction. The internet now provides a platform for communication between businesses and consumers, allowing companies to engage in marketing through online platforms while consumers can create content via text, images, and videos on social media, influencing each other.

The rise of internet technologies has also spurred the application of big data, 5G, AI, and other technologies, promoting the digital upgrade of businesses. Some companies in the Luosifen industry have already built digitalized factories, using big data technology to track and monitor the entire process of Luosifen production—from raw material cultivation, processing, to sales—ensuring quality and safety traceability. This has enabled more efficient coordination across production, logistics, and sales, allowing businesses to capture and analyze changes in consumer demand. The data gathered is then used in product development and marketing, helping businesses adapt to market changes, improving the consumer shopping experience, and opening new sales channels, ultimately increasing market share.

Since its inception, the Liuzhou Luosifen industry has benefitted from e-commerce platforms like Taobao, Tmall, JD, and Douyin, which have facilitated numerous online stores dedicated to Luosifen. These platforms have become the primary channels for consumers to purchase pre-packaged Luosifen. The rapid growth of internet-based e-commerce has also given rise to new sales models, such as live streaming sales, which have propelled Luosifen into the spotlight, making it a national food sensation. Various trends, hashtags, and influencer-driven content on social media, along with celebrity endorsements, continually stimulate consumers' desire to try the product, triggering waves of purchasing.

As a regional specialty of Liuzhou, Luosifen has gradually gained recognition through numerous appearances on television programs. In 2012, Luosifen made its debut on the documentary *A Bite of China*, bringing the dish to the public's attention. It has since appeared on famous programs such as *Traveling Through China* and *Day Day Up*, becoming increasingly well-known, even reaching a level of popularity. Through live streaming, television programs, and media coverage, Luosifen has been brought directly to consumers. The production process of Luosifen embodies the industrial culture of Liuzhou, reflecting the soul of the city's cultural identity. Through self-media and media promotion, Luosifen has achieved its status as a popular, iconic food.

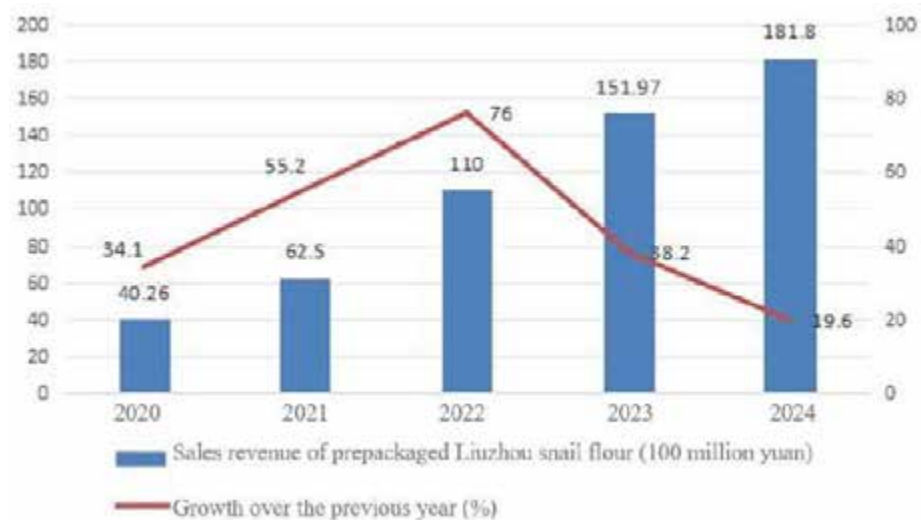


Fig.2.5 Sales Revenue Of Liuzhou River Snail Rice Noodles From 2020 To 2024

Liuzhou Luosifen has not only gained popularity among domestic consumers but has also attracted a growing number of international fans. In recent years, its presence in international markets has been steadily increasing, with its export scope expanding year by year.

As shown in Fig 2.6, according to data from Liuzhou Customs, in 2020, the total export value of pre-packaged Liuzhou Luosifen reached 30.38 million yuan, with 124 shipments exported to over 10 countries and regions, including Argentina, Russia, and several African nations.

2021: The export value rose to 52.56 million yuan, an increase of approximately 80%, with exports reaching 1,763.9 tons, marking a 82.7% growth. Liuzhou Luosifen was exported to over 20 countries and regions, including the United States, Singapore, Australia, Canada, and Malaysia.

2022: The export performance was even more impressive, with the export value reaching 83 million yuan, a year-on-year increase of 61%. In addition to traditional markets like the United States and Australia, exports to countries such as Singapore and New Zealand also grew, with the product now available in 28 countries and regions worldwide.

2023: The export momentum continued, with the export value reaching 87.27 million yuan, a 28.5% increase compared to the previous year. Over 3,167.1 tons of Luosifen were exported, reflecting a 19.4% year-on-year growth. Liuzhou Luosifen is now sold in more than 20 countries and regions across the globe. This trend reflects the growing international recognition and demand for Liuzhou Luosifen, showcasing the brand's global expansion potential. The industry's export performance demonstrates its significant role in the global food market.

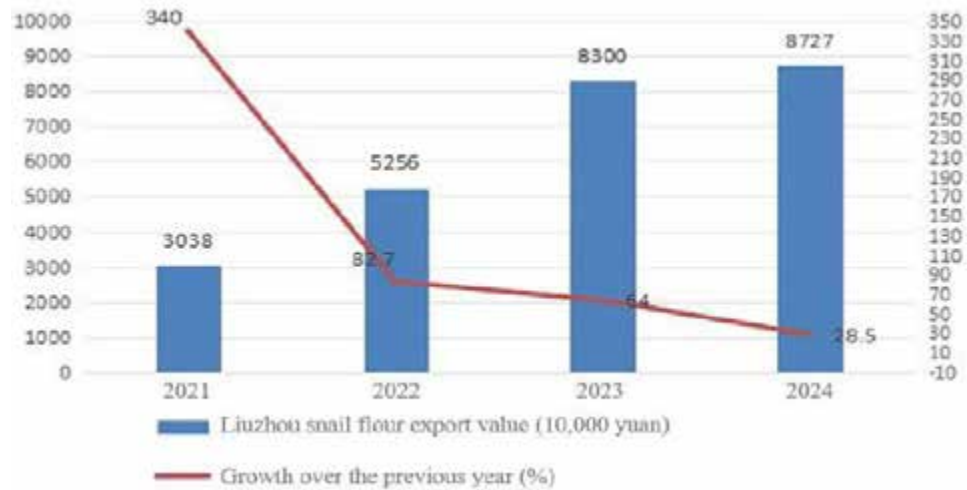


Fig.2.6 The Export Volume And Growth Rate Of Liuzhou River Snail Rice Noodles From 2020 To 2023

With the development of Liuzhou Luosifen, more and more companies and capital have entered the industry. According to enterprise registration data, the number of companies related to Luosifen has been steadily increasing from 2020 to 2024. Notably, the growth rate was particularly significant in 2021, when the number of registered enterprises reached 6,893. In 2022, the number of registrations peaked at 9,702. Although there was a slight decline in 2024 compared to 2021, the number of new registrations still reached 8,260.

As shown in **Fig 2.7**, the trend indicates a growing interest in the Luosifen industry, with a notable rise in the number of enterprises entering the market. This reflects the increasing industrialization and commercialization of Liuzhou Luosifen, which has become a highly attractive business opportunity.

This surge in enterprises contributes to the market's competitiveness and innovation, with various players striving to capture a share of the expanding market. It also indicates the industry's maturity, as it attracts both established companies and new entrepreneurs eager to capitalize on the growing popularity of Luosifen.

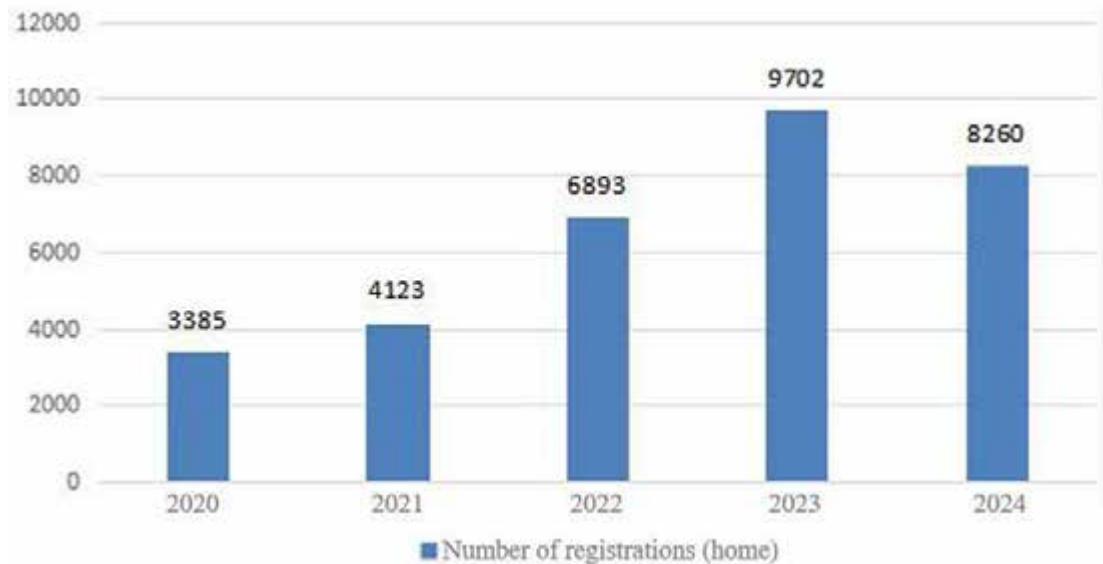


Fig.2.7 Number Of Registered Enterprises Related To Liuzhou River Snail Rice Noodles industry From 2020 To 2024

The market scale of Liuzhou Luosifen has grown significantly and continues to expand. Over the past approximately 10 years, since 2014, small-scale noodle production has evolved into a large industry. Liuzhou Luosifen is no longer limited to just pre-packaged products. It has now achieved a comprehensive "one noodle" chain that spans the "three industries" (primary, secondary, and tertiary sectors), encompassing everything from raw material cultivation and farming to product processing, pre-sale packaging, storage, logistics, sales, and even the development of related derivative products.

This integration of the three industries has resulted in a distinctive industry system where the primary, secondary, and tertiary sectors are interconnected. The Liuzhou Luosifen industry now forms a fully developed industrial chain that contributes to the broader economy and has helped boost regional development, creating a model for the integration of local specialty industries. The expansion of this value chain has strengthened the industry's market position and laid the foundation for further growth.

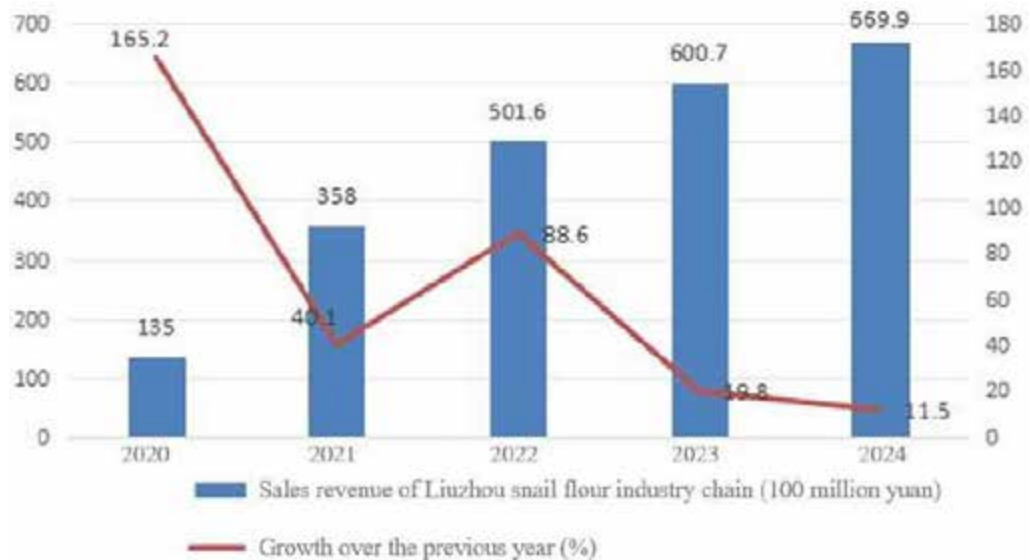


Fig.2.8 Sales Revenue And Growth Rate Of Liuzhou River Snail Rice Noodles Industry Chain From 2019 To 2023

As shown in Figure 2-8, the sales revenue of the entire Liuzhou Luosifen industry chain exceeded 50 billion yuan in 2021, marking significant achievements. In 2022, it continued to maintain an upward trend, growing to 60.071 billion yuan, a 19.8% increase from 2021. In 2023, the total sales revenue of the Liuzhou Luosifen industry chain reached 66.99 billion yuan, an 11.5% increase year-on-year. This consistent growth in sales revenue demonstrates the strong development momentum and the vast market potential of the industry.

Currently, the Liuzhou Luosifen industry has begun to establish a comprehensive industry chain development model. The government has actively supported the localized production of key raw materials, fostered the growth of raw material cultivation industries, and promoted the development of industry-supporting infrastructure. A number of raw material production demonstration bases have been established.

As of October 2022, the scale of Liuzhou Luosifen raw material bases reached approximately 650,000 acres, with 20 recognized demonstration bases for Luosifen raw materials. In addition, 25 Luosifen raw materials (including ingredients such as bamboo shoots, beans, and snails) had received "three products, one standard" certifications (organic, green, and geographical indication). The development of the raw material base has made significant progress:

The Liuzhou Agriculture and Rural Affairs Bureau has led the formulation and release of technical standards for the cultivation of rice, beans, and other crops, providing technical guidance to optimize planting structures and promote the rapid development of the raw material base for Luosifen. This robust agricultural foundation is essential for sustaining the rapid growth of the Luosifen industry, ensuring both the quality and supply of key ingredients.

Snail farming expanded to 65,000 acres in 2022, achieving an estimated annual output of over 26,000 tons. Bamboo shoot cultivation reached a planting area of 80,000 acres, producing 42,000 tons and increasing the local supply rate from 30% to 45%. Additionally, green bean planting covered 50,000 acres with a yield of approximately 90,000 tons, while wood ear mushroom cultivation grew to 12 million poles, resulting in a production of around 15,000 tons. These figures represent significant growth, with green bean and wood ear mushroom outputs increasing by 75% and 50%, respectively, compared to the previous year.

Under the backdrop of "Internet+," Liuzhou Luosifen has experienced robust growth, with the market size expanding from 520 million yuan in 2015 to over 60 billion yuan by 2022. The product is now exported to more than 20 countries and regions worldwide. However, as the industry has grown, the number of enterprises has surged.

Table.2-4

Liuzhou River Snail Rice Noodles Raw Material Production Demonstration Base (part)

Base Type	Base Name
Bamboo Shoot Cultivation	Liunan District, Liuzhou City, Sun Village, Bailing Village Bamboo Shoot Cultivation Demonstration Base
Bamboo Shoot Cultivation	Liucheng County, Liuzhou City, Shapu Town, Guren Village Bamboo Shoot Cultivation Demonstration Base
Rice Cultivation	Liunan District, Liuzhou City, Sun Village, Shanwan Village Rice Production Demonstration Base
Rice Cultivation	Liunan District, Liuzhou City, Luoman Town, Fengshan

	Village Rice Production Demonstration Base
Rice Cultivation	Luzhai County, Liuzhou City, Zhongdu Town Rice Production Demonstration Base
Bean Sprout Cultivation	Liunan District, Liuzhou City, Sun Village, Shanwan Village Bean Sprout Production Demonstration Base
Bean Sprout Cultivation	Liucheng County, Liuzhou City, Dongquan Town, Leitang Village Bean Sprout Production Demonstration Base
Bean Sprout Cultivation	Liuzhou City, Sun Village, Shanwan Village Bean Sprout Production Demonstration Base
Black Fungus Cultivation	Rongshui County, Liuzhou City, Rongshui Town Black Fungus Production Demonstration Base
Black Fungus Cultivation	Liuzhou City, Sun Village, Sihe Village Black Fungus Production Demonstration Base
Snail Farming	Liuzhou City, Chunyin Cooperative Snail Farming Base
Snail Farming	Liuzhou City, Guitai Ecological Agricultural Development Ltd. Snail Farming Base

Pre-packaged Luosifen producers increased from just 2 companies in 2014 to 133 companies in 2023. On major e-commerce platforms, there are now tens of thousands of Liuzhou Luosifen stores.

Despite this growth, the industry has low barriers to entry in terms of technology and capital. Companies vary widely in scale, and product quality is inconsistent. On e-commerce platforms, most brands offer products with similar positioning, selling points, and prices, resulting in significant brand overlap and high homogeneity. This lack of differentiation, combined with insufficient innovation, has led to fierce competition among brands and manufacturers.

Lower-end products often rely on aggressive pricing strategies to drive volume, disrupting the market's price structure. This forces other companies to lower their prices to maintain market share, driving the industry into a vicious cycle of "price wars" or internal competition. Some smaller manufacturers resort to compromising product quality to achieve lower prices, further damaging the market image of Liuzhou Luosifen and leading to disorderly and unhealthy competition.

While the Luosifen industry has developed rapidly, compared to other convenience foods, the pre-packaged Luosifen sector started relatively late and faces intense competition. Currently, there are more than 300 Luosifen brands, but most have low-end brand images, limited recognition, and lackluster reputation.

Although some larger enterprises in the industry have established a certain degree of brand awareness, they have not achieved the strong market-driving influence seen in other convenience food sectors. For instance, compared to dominant brands in the instant noodle industry such as "Master Kong" or "Uni-President," Liuzhou Luosifen brands still have a long way to go in terms of production capacity, sales reach, and brand influence.

The lack of strong leading brands indicates that there is significant room for the development of new brands. Companies that can innovate and differentiate themselves have the potential to capture market share and establish a stronger foothold in this competitive industry.

The Luosifen industry, centered around pre-packaged Luosifen, has developed a comprehensive industry chain covering upstream, midstream, and downstream sectors and integrating primary, secondary, and tertiary industries. However, the industry currently faces challenges due to a lack of skilled talent and insufficient innovation capacity:

In the upstream segment, many raw materials are still produced through traditional farming and aquaculture methods by individual households, lacking advanced agricultural technology and infrastructure. This results in low technological content, weak risk resistance, and low production efficiency. Additionally, processing and storage enterprises remain small in scale, with limited industrialization and modern production technologies, leading to inconsistent product quality. In the midstream, despite significant improvements in production processes and technological equipment by Luosifen enterprises in recent years, they still lag behind first-class modern standards. Insufficient investment in R&D hampers product innovation and iteration, with challenges such as extending product shelf life, reducing rice noodle cooking time, and addressing microbial control remaining as

bottlenecks limiting industry growth. Downstream, many companies rely on outsourcing for market operations, storage, and logistics, while lacking internal professionals with expertise in e-commerce operations, marketing, innovation, and international trade. Weak marketing efforts in foreign markets and insufficient focus on market expansion have resulted in low international market penetration.

Younger generations, particularly those born in the 1990s and 2000s, dominate the dining consumer market. Their preferences go beyond flavor, extending to quality, freshness, cultural value, and uniqueness. According to Meituan's *2022 New Dining Industry Research Report*, Luosifen delivery orders had a compound annual growth rate of 76.1% in 2021. The *Liuzhou Luosifen Industry Big Data Insights Report*, jointly released by the Liuzhou Commerce Bureau and Ele.me, revealed that over 60% of Luosifen delivery orders came from consumers born in the 1990s, with consumers aged 18 to 24 consuming 45 million orders of Luosifen via delivery in a single year. Luosifen restaurants have become highly popular, spawning a variety of new "Luosifen+" dining concepts.

Innovative concepts have been a driving force in the Luosifen industry, with restaurants like Shenzhen's "Rice Noodle Planet" creatively blending Luosifen with ingredients such as oysters, crabs, bullfrogs, and abalone, paired with themed décor like "Iron Man" to appeal to pop culture enthusiasts. This creativity has sparked bold innovations, including Luosifen-flavored hotpot, grilled fish, and collaborations with fast-food giants like KFC and McDonald's, offering sour bamboo chicken leg burgers and rolls. Other unique offerings include Luosifen-infused coffee, mooncakes, zongzi, and rice balls, showcasing the product's adaptability and broad appeal. Additionally, the combination of local flavors with creative dishes has turned Luosifen establishments into social media sensations, rapidly attracting traffic and creating new market opportunities for brands. The success of pre-packaged Luosifen as a viral "explosive product" has also fueled the expansion of brick-and-mortar Luosifen restaurants, with standardized, scalable, and one-stop restaurant supply chains emerging as a promising new growth avenue for the industry.

Food safety remains a critical concern as the Luosifen industry continues to expand. With an increasing number of players entering the market, many companies prioritize brand marketing over quality control. The diverse ingredients in Luosifen seasoning packets, combined with fragmented supply chains, create significant food safety risks. According to *Consumer Reports* (November 2023), national and provincial regulatory authorities tested 425 batches of Luosifen products between 2020 and 2023, with 19 batches failing inspection due to issues like high microbial counts and mold. The pass rate was 95.5%.

In addition to official inspections, prominent Luosifen brands have faced frequent food safety scandals. Incidents involving insect eggs, razor blades, and cigarette butts in products have been reported, shaking consumer trust. These recurring food safety issues not only jeopardize consumer health but also severely damage the reputation of Luosifen brands. As the industry grows, stricter food safety regulations and robust quality management systems are essential to ensure product safety and rebuild consumer confidence.

The Liuzhou Luosifen industry chain comprises upstream sectors such as the cultivation and farming of raw materials (e.g., snails, sour bamboo shoots, sour beans, rice, and wood ear mushrooms), midstream sectors focused on the manufacturing of Luosifen, and downstream sectors including logistics, e-commerce, tourism, and services (e.g., supermarkets, restaurants, and e-commerce platforms).

The threat of potential entrants is closely linked to the level of industry barriers. The pre-packaged Luosifen industry faces low entry barriers, requiring minimal investment, technical expertise, and capital, making it accessible for numerous small and medium-sized food processing factories. Its rising popularity, fueled by “internet fame,” has attracted established food industry players like Haidilao, Bestore, Bai Cao Wei, and Three Squirrels, as well as non-food-related companies such as Wuling Motors and Sinopec, which have entered the market through contract manufacturing to launch pre-packaged Luosifen products quickly and cost-effectively. Supportive government policies further encourage market entry by providing incentives across the industrial chain. However, low consumer loyalty driven by minimal

differentiation in product types, flavors, and selling points, combined with price promotions and influencer endorsements, exacerbates competition as customers frequently switch brands for better deals or endorsements. Additionally, the inherent popularity of Luosifen has prompted other instant food brands, such as hot and sour noodles and self-heating hotpots, to include Luosifen in their product lines, intensifying market competition.

For L Company, the competitive landscape includes both new entrants and established Luosifen producers, as well as rice noodle suppliers in the production chain. Technological advancements like automated packaging machines are reducing production costs and increasing efficiency, lowering barriers for new competitors. Moreover, some established Luosifen companies may adopt vertical integration, producing their raw materials to decrease reliance on suppliers like L Company. These developments present significant threats, necessitating proactive strategies to address challenges posed by new entrants and maintain competitive positioning in the market.

Pre-packaged Luosifen, as a regional specialty snack, faces significant substitution threats from other similar convenience foods, including hot and sour noodles, red oil noodles, self-heating hotpots, and stir-fried noodles from regions such as Nanchang, Jiangxi. These substitutes share similarities in production processes, consumer purchase motivations, and consumption scenarios, offering consumers comparable convenience and culinary satisfaction.

Unique Appeal of Luosifen: The distinct "sour," "spicy," and "pungent" flavor profile of Luosifen has garnered a dedicated following. However, other regional delicacies, such as duck blood vermicelli soup, Chongqing noodles, Huaxi beef noodles, and Yunnan rice noodles, have also been transformed into pre-packaged formats using modern industrial techniques, entering the competitive convenience food market.

Media Influence and Attention Diversion: In the current era of high self-media activity, any product can leverage social media to create trending topics and attract consumer attention. However, the abundance of information and rapid content

updates have reduced consumer focus and tolerance, making it easier for attention to shift toward new products. The successful model of pre-packaged Luosifen is relatively easy to replicate, leading to an increasing variety of substitutes in the market.

Implications for L Company:The growing variety and number of substitutes pose a significant threat to the Luosifen industry. Consumers are likely to choose alternatives based on factors such as convenience, appearance, and price. To maintain competitiveness, L Company must focus on enhancing product differentiation, improving brand recognition, and leveraging innovation to retain consumer interest.

Thanks to government planning for the Luosifen industry, the upstream supply chain has undergone significant scaling and development. Major raw materials for Luosifen, such as snails, sour bamboo shoots, sour beans, dried tofu skin, and peanuts, are in abundant supply. Even for seasonal ingredients like sour bamboo shoots and sour beans, shortages have rarely occurred since the expansion of the upstream supply chain. Many suppliers compete by lowering their prices to gain favor from Luosifen manufacturers. However, current raw material suppliers remain fragmented, with no dominant large-scale or highly capable suppliers.

Additionally, many sizable Luosifen processing companies have adopted a "company + cooperative + farmer" model to establish their own raw material bases, directly securing a portion of their ingredient supply. For production beyond the capacity of these bases, external procurement is used as a supplement. Due to high demand throughout the year and sufficient supply, Luosifen manufacturers hold stronger bargaining power compared to suppliers.

For L Company, which operates as a supplier of rice noodles to pre-packaged Luosifen companies, the primary raw materials include rice and cornstarch. Prices for these materials are subject to fluctuations based on domestic market conditions, policies, supply-demand dynamics, international trade, and production levels. While L Company has built strong supplier relationships over its 20 years in the industry, giving it a price advantage over competitors, the complexity of bulk material pricing factors means its bargaining power for rice and cornstarch is moderate.

Luosifen has resonated with modern consumers who value individuality and novelty, particularly due to its distinct "pungent" aroma and reputation for being "addictive after three tries." Its wide variety of flavors, types, and series cater to diverse and personalized consumer demands.

The primary consumers of Luosifen are young individuals, particularly women, who are attracted to its individuality, trendy appeal, and visually captivating packaging. Eye-catching advertising plays a crucial role in stimulating their purchasing desires. Modern consumers rely heavily on social platforms to gather information about product quality, pricing, and services, allowing them to make well-informed comparisons. When purchasing Luosifen, their top considerations are taste and price, followed by packaging design and service quality. However, the pre-packaged Luosifen market is highly competitive and marked by significant product homogeneity. Many brands rely on discounts, coupons, and promotional strategies, sometimes incurring strategic losses to attract price-sensitive consumers. Impulsive buying is another characteristic of the market, with live-stream sales significantly influencing consumers' purchasing decisions based on their admiration for influencers or appealing promotions.

Due to low brand loyalty, diverse purchasing channels, and minimal switching costs, buyers in the Luosifen industry exhibit high bargaining power. In this dynamic market, brands must prioritize innovation, differentiation, and consumer engagement to maintain a competitive edge and appeal to their target audience effectively.

The food manufacturing industry has seen positive growth in recent years, bolstered by the rise of the "lazy economy." Convenience foods, known for their quick and easy preparation, have experienced a growing market. In 2022, the overall market size of China's convenience food industry reached approximately **531.1 billion yuan**, a 4.9% increase from 506.5 billion yuan in 2021. The convenience food category has diversified significantly, with rapid growth in segments such as hot and sour noodles, self-heating hotpots, and ready-to-eat rice dishes. This diversification and competition within the convenience food sector pose a significant threat to pre-packaged Luosifen companies, as consumers have numerous alternatives when

making purchasing decisions. Pre-packaged Luosifen has gained widespread recognition in China as a trendy and highly popular "internet-famous" food. With strong support from the Liuzhou government, increasing numbers of companies and capital have entered the sector.

As of 2022, **133 companies** were producing pre-packaged Luosifen in Liuzhou. The market consists of over **300 brands**, but no dominant brand has emerged. The lack of brand differentiation has resulted in intense competition.

Product differentiation within the Luosifen industry is minimal, leading to severe homogeneity. Consumers' purchasing decisions are heavily influenced by price, intensifying price competition and even sparking price wars. From 2020 to 2021, the number of manufacturers increased significantly, and production capacity expanded rapidly. However, following the pandemic, the recovery of the physical economy slowed the growth in demand for pre-packaged Luosifen, leading to overproduction and further intensifying competition among companies.

For L Company, the competitive landscape is shaped by the presence of both large and small pre-packaged Luosifen manufacturers, including those with integrated rice noodle production lines. Key competitors include **LBW Company**, **HG Company**, and **ZL Company**, whose comparative information is detailed in **Table 2.5**.

Table.2-5

List Of Major Competitors of L co.,ltd

Serial No.	Company Name	Establishment Year	ISO 9001	ISO 22000	HA CC P	Municipal Agricultural Industrialization Leading Enterprise	Autonomous Region Leading Enterprise	National High-Tech Enterprise	Municipal Top 10 Pre-Packaged Brand	Rice Noodles	Luosifen	Rice Base	Raw Material Base
1	L Company	2016	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
2	LBW Company	2015	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes
3	HG Company	2015	Yes	Yes	Yes	Yes	Yes	Yes	Yes		Yes		Yes
4	ZL Company	2016	Yes	Yes	Yes	Yes	Yes		Yes		Yes		Yes

To maintain competitiveness, L Company must focus on strategies such as enhancing product differentiation to reduce reliance on price competition, improving production efficiency and cost control to manage overcapacity, and leveraging its

extensive experience in rice noodle production to secure a stable position in the supply chain. The highly competitive nature of the Luosifen industry demands that companies like L Company adapt swiftly, innovate consistently, and strengthen their market presence to thrive in this dynamic and challenging environment.

like further assistance in visualizing or analyzing the results from the CPM Matrix

Table.2.6

Competitive situation matrix table of L co.,ltd

Evaluation Key Success Factors	L Company	Weight	LBW Company	HG Company	ZL Company
Rice Noodle Market Share	5	0.5	2	0.2	1
Luosifen Market Share	2	0.4	5	1	4
Rice Noodle Production Capacity	5	0.5	3	0.3	2
Luosifen Production Capacity	3	0.3	5	0.5	5
Brand Competitiveness	3	0.75	5	1.25	4
Sales Network	3	0.3	5	0.75	4
Supply Chain Extension Ability	3	0.45	4	0.6	3
Total	3.2		4.35		3.45

Based on Table 2.5, L Company's primary direct competitors were all established between 2015 and 2016, marking them as early entrants into the Luosifen industry. Each of these companies has been recognized as one of the "Top Ten Pre-packaged Luosifen Brands in Liuzhou" by evaluations conducted jointly by Liuzhou's Development and Reform Commission, Commerce Bureau, and other authorities. They have all achieved ISO9001, ISO22000, and HACCP quality management certifications, and all possess export qualifications for Luosifen. Furthermore, these companies boast sufficient production capacities for Luosifen. However, LBW Company, with its rice noodle export qualifications and rice cultivation base, poses a

significant threat to L Company if it extends its strategy into the rice noodle supply chain.

The results, as shown in **Table 2.6**, help evaluate L Company's competitive position relative to LBW, HG, and ZL companies. This analysis highlights areas where L Company excels and identifies opportunities for improvement to strengthen its market position. Let me know if you'd Based on the analysis of L Company's macro and industry environment, **12 key external factors** have been identified, categorized into **opportunities (O)** and **threats (T)**.

Key Opportunities

O1: Favorable Government Policies Fuel Rapid Industry Growth

Multiple supportive policies introduced by the government and related departments to encourage the growth of the Luosifen industry represent a significant external opportunity for L Company.

O2: Shifting Consumer Preferences and Upgraded Demand Drive Industry Expansion

Emerging economic trends, such as the "lazy economy," are pushing consumer preferences toward healthier, more diverse, and personalized products. Luosifen's unique flavor and alignment with fast-food culture cater to these demands, presenting an opportunity for continuous market growth.

O3: Established Consumer Market Foundation

Sustained industry development has cultivated a loyal consumer base for Luosifen. The steady growth of the market size creates a solid foundation for L Company's long-term development.

O4: Technological and Process Upgrades Drive Innovation

Industrialized production has been critical to the development of pre-packaged Luosifen. Continuous advancements in processing technology, including flavor preservation, extended shelf life, and product innovation, offer L Company opportunities for further growth.

O5: Diverse Distribution Channels Expand Sales Reach

E-commerce platforms, live-streaming sales, and social media have diversified distribution channels, making products more accessible to consumers and enhancing convenience.

O6: Emerging "Luosifen+" Dining Models Create New Growth Points

The versatility of Luosifen has led to innovative dining models, such as "Luosifen+" restaurants. These new business formats present L Company with growth opportunities in the expanding restaurant sector.

O7: Growing Overseas Demand Drives Export Growth

The rising global demand for Luosifen is reflected in the steadily increasing export volumes, offering L Company opportunities to enhance its international competitiveness and expand its export markets.

Key Threats

T1: Intense Market Competition

The promising growth of the Luosifen industry, combined with low entry barriers, has resulted in a surge of new entrants and brands, intensifying market competition and posing challenges for L Company to maintain innovation and growth.

T2: Severe Product Homogeneity Leads to Internal Competition

The increasing number of companies with similar product positioning and high levels of homogeneity has led to price wars, disrupting the healthy development of the industry and creating challenges for L Company.

T3: Lack of High-end Talent and Technology in the Industry Chain Slows Innovation

The shortage of skilled professionals and advanced technology in the industry chain limits the industry's capacity for self-innovation. This results in slow product innovation and iteration, creating bottlenecks in technological advancement and threatening L Company's competitive position.

T4: Strong Threats from New Entrants and Substitutes

Established brands with channel advantages are aggressively entering the Luosifen market. Additionally, similar fast-food products (e.g., hot and sour noodles,

self-heating hotpots) compete directly with Luosifen, intensifying the competitive landscape and challenging L Company's market share.

T5: Consumer Concerns About Food Safety

Rising awareness of food safety issues has made it a critical concern for consumers. Frequent reports of safety problems in the Luosifen industry erode consumer trust and pose a significant risk to the reputation and growth of L Company.

This detailed identification of opportunities and threats will serve as a foundation for L Company to strategically leverage external opportunities while addressing and mitigating potential risks in its competitive environment.

To evaluate the external environmental factors identified earlier, an External Factor Evaluation (EFE) Matrix was constructed. The evaluation was conducted through a systematic process involving weighting and scoring key factors and calculating an overall weighted score. Below are the specific steps taken:

Based on the key external environmental factors identified in the previous analysis, an EFE (External Factor Evaluation) matrix for Company L is constructed. The weights of these key factors are assigned through interviews, and scores are calculated to determine the average values. The detailed steps are as follows:

To identify key external environmental factors, Company L analyzed its macro-environment and industry environment, resulting in the identification of 12 critical external factors—7 representing major opportunities and 5 significant threats. Weights for these factors were determined by a review panel of 8 individuals, including shareholders, senior executives, and industry experts. Through interviews, each factor was assigned a weight on a scale of 0.00 to 1.00, with higher weights indicating greater impact on the company. The total of all weights equaled 1.00, and the average weight for each factor was calculated by dividing the total assigned weights by the number of participants. This systematic evaluation provided a framework for external environment analysis and served as a foundation for strategic planning and decision-making.

The panel also scored the effectiveness of the company's responses to each factor on a scale from 1 to 4, where 4 indicated an excellent response and 1 indicated

a very poor response. The average score for each factor was calculated by summing the scores and dividing by the number of panel members. The weighted score for each factor was then determined by multiplying its weight by its average score. Finally, the company's total weighted score was obtained by summing the weighted scores of all factors. This score reflects the overall effectiveness of the company's ability to respond to external environmental factors.

Following the steps outlined above, the EFE matrix for Company L can be constructed, as shown in Table 2.7.

Table .2-7

External Environmental Factor Evaluation Matrix Of L co.,ltd(EFE)

Key External Factors	Weight	Score	Weighted Score
Opportunities (O)			
O1: Favorable government policies support rapid industry development	0.11	3.63	0.399
O2: Changes in consumer behavior and demand upgrades promote continuous industry expansion	0.02	1.95	0.039
O3: Industry development has fostered a consumer market foundation	0.09	3.45	0.311
O4: Technological and process upgrades help industry innovation	0.04	3	0.12
O5: Diversified distribution formats broaden enterprise sales channels	0.09	2.63	0.237
O6: Derivation of various "Luosifen+" new restaurant formats as a new growth point	0.08	2.98	0.238
O7: Increased overseas demand promotes rapid export growth	0.07	2.88	0.202
Subtotal for Opportunities	0.5		1.546
Threats (T)			
T1: Intense market competition	0.14	3.75	0.525

T2: Severe product homogeneity leading to industry saturation	0.14	3.18	0.445
T3: Lack of mid-to-high-end talent and technology in the industry chain slows innovation	0.06	1.75	0.105
T4: Potential entrants and substitute threats	0.08	2.45	0.196
T5: Consumer concerns over Luosifen food safety	0.08	2.25	0.18
Subtotal for Threats	0.5		1.451
Total	1		2.997

The comprehensive weighted score of Company L's External Factor Evaluation (EFE) matrix is **2.997**, which is higher than the average value of **2.5**. This indicates that Company L's external environment is generally favorable. The company demonstrates a strong capability to seize opportunities and mitigate risks. By refining and adjusting its current strategies and management practices to proactively manage risks and maximize benefits, Company L can achieve more sustainable and healthy development.

2.2 Internal environment analysis of L Luosifen food company

L Luosifen Food Company was established in April 2016 with a registered capital of 10 million RMB. The company operates on a factory area of 15,350 square meters within the Luosifen Industrial Park in Liuzhou City, Guangxi Province. It specializes in the production and sale of seasoned dry rice noodles and pre-packaged Luosifen products. Leveraging over 20 years of expertise in rice noodle production equipment, techniques, product quality, and an extensive distributor network, as well as strong policy support from the Liuzhou municipal government to promote Luosifen, the company has rapidly expanded its production and market scale since its inception.

Currently, L Luosifen Food Company operates 20 production lines for seasoned dry rice noodles and 8 production lines for pre-packaged Luosifen, with a designed

daily production capacity of 60 tons for dry rice noodles and 300,000 packs for pre-packaged Luosifen. The company adheres to a philosophy of selecting high-quality raw materials, ensuring full traceability throughout the production process. It collaborates with cooperatives to establish rice cultivation bases. In 2017, it integrated the **ISO9001 Quality Management System, ISO22000 Food Safety Management System, and HACCP Hazard Analysis and Critical Control Points System** into its entire production process. These measures have enhanced product safety, improved scientific and standardized management, and bolstered consumer confidence, contributing to the company's steady development.

In 2017, L Company obtained the export certification for Luosifen and became one of the first companies in Liuzhou with export qualifications for this product. In 2018, it acquired the export certification for instant flavored rice noodles and seasoned dry rice noodles, becoming the first company in Liuzhou with export qualifications for dry rice noodles. The company also holds multiple patents and registered trademarks.

Through years of development, L Company has become a significant supplier of rice noodle raw materials in the Luosifen industry, providing partial or full rice noodle supplies to over 200 brands nationwide. The company supports nearly all Luosifen producers and brands in Liuzhou, solidifying its position as a key player in the industry.

L Company adheres to the business philosophy of "Quality as the foundation, integrity as the cornerstone, innovation with pragmatism, and a pioneering spirit." It is committed to advancing the industry, revitalizing the local economy, preserving the heritage of rice noodles and Luosifen culture, and offering safe and healthy food to consumers. The company aims to become a leading enterprise in the rice noodle industry.

In 2016, the Liuzhou Municipal Government introduced the first local production standard for specialty rice noodle snacks in Guangxi, titled the "**Liuzhou Luosifen Food Safety Local Standard**". That same year, the government invested in the construction of the Liuzhou Luosifen Industrial Park and introduced a series of

supportive policies for enterprises entering the park. It was during this period that L Company was established and became a part of the industrial park. The development history of L Company is summarized in **Table 2.8** as follows:

The company upgraded its production lines and implemented **10 automated rice noodle packaging lines**, further enhancing production efficiency and automation. These achievements reflect L Company's continuous efforts to strengthen its industry leadership, enhance brand influence, and optimize production capabilities.

Table.2.8

Development History Of L co.,ltd

Year	Development History
2016	April: Company established. July: Became the Executive Vice-President unit of the first Liuzhou Luosifen Association.
	Factory construction completed and officially started production. August: Obtained export filing qualification for Liuzhou Luosifen products. Introduced HACCP, ISO22000, ISO9001 quality management systems.
2017	January: Obtained export filing qualification for convenient flavored rice noodles and instant dry rice noodles. December: Awarded "Liuzhou Municipal Key Agricultural Industrialization Leading Enterprise."
2018	Company developed steadily. January: Awarded "Autonomous Region Agricultural Leading Enterprise."
2019	Company rapidly expanded. Rice noodle production line increased to 20, and Luosifen production line increased to 8. September: Became the Executive Vice-President unit of the Guangxi Small and Medium Enterprises Federation. December: Awarded "Autonomous Region High-Tech Enterprise."
2020	Strategic adjustment to further enhance the core competitiveness of dry rice noodles. February: Awarded the Yufeng District 2020 Economic Development Growth Award. September: Became the Executive Vice-President unit of the second Liuzhou Luosifen Association.
2021	January: Became a permanent director of Liuzhou Luosifen Industry College. August: Awarded "Top 10 Liuzhou Luosifen (Pre-packaged) Brands of 2021."
2022	August: Awarded "Top 10 Liuzhou Luosifen (Pre-packaged) Brands of 2022."

The company's main business is divided into three categories 1. Dry Rice Noodle Business 2. Pre-Packaged Luosifen Business 3. OEM (Original Equipment Manufacturing) for Pre-Packaged Luosifen

These categories are outlined in **Table 2.9**.

This diversified structure allows the company to leverage its production expertise and market reach, catering to a wide range of customers while optimizing its business scalability.

Table 2.9.

Product Categories And Series Of L co.,ltd

Product Category	Brand	Product Series	Sales Channels
Rice Noodles	A Brand	Pre-packaged Luosifen-specific rice noodles (boiled type)	Luosifen manufacturers and brands
Rice Noodles	A Brand	Pre-packaged Luosifen-specific rice noodles (boiled type)	Export
Rice Noodles	A Brand	Pre-packaged Luosifen-specific rice noodles (instant type)	Luosifen manufacturers and brands
Rice Noodles	OEM Brand	Pre-packaged Luosifen-specific rice noodles (boiled type)	Luosifen manufacturers and brands
Rice Noodles	A Brand	Seasoned dry rice noodles	Luosifen manufacturers and brands
Rice Noodles	A Brand	Luosifen physical store rice noodles	Luosifen physical stores
Luosifen	A Brand	Boiled type	Physical stores, distributors, agents
Luosifen	L Brand	Boiled type, instant type, self-heating type	Online, distributors, agents
Luosifen	A Brand	Physical store ingredients	Physical stores, distributors
Luosifen	OEM Brand	Boiled type	Online, distributors, agents

L Company's core business includes the production and sale of specialized rice noodles for pre-packaged Luosifen. With over 20 years of expertise in rice noodle

production technology and equipment, the company has established strong partnerships with premium rice and starch suppliers, leveraging both quality and pricing advantages. Additionally, it operates its own rice cultivation base for noodle exports, making it one of the few suppliers of rice noodle raw materials for exported pre-packaged Luosifen.

The company supplies rice noodle raw materials to Luosifen manufacturers, Luosifen brands, and pre-packaged rice noodle brands. Its pre-packaged rice noodle products are also sold through offline and supermarket channels.

Another primary business of L Company is the production and sale of pre-packaged Luosifen. The company collects market demand insights to develop product standards, procures high-quality raw materials, processes them, and pre-packages the final products for distribution through various sales channels.

L Company offers a diverse range of Luosifen flavors to cater to varying consumer preferences, including original flavor, spicy flavor, crayfish flavor, and clam flavor. Additionally, the products are categorized into three main types based on preparation methods: boilable Luosifen, instant (soakable) Luosifen, and self-heating Luosifen. This strategic diversification in both flavors and preparation methods allows the company to effectively meet the diverse demands and preferences of its customers.

Rice Noodle Production

In 2022, influenced by the pandemic and the rise of the “stay-at-home” economy, demand for Luosifen surged dramatically, leading to a corresponding spike in demand for specialized rice noodles used in pre-packaged Luosifen. That year, L Company’s rice noodle production volume reached **1.722 million cases**. In 2023, the company made strategic adjustments to further enhance its competitive edge in rice noodle production. It expanded production capacity by establishing a new rice noodle production facility, G Company, which began operations in the second half of 2021. Consequently, L Company’s production volume slightly decreased to **1.663 million cases** in 2023 due to the transfer of some production to G Company. By 2024, L

Company's rice noodle production volume dropped significantly to **1.436 million cases**. This decline was mainly attributed to two factors:

A significant portion of production activities was transferred to the newly established G Company facility, marking a strategic shift in operations. Additionally, following the relaxation of pandemic restrictions, the growth rate of demand for pre-packaged Luosifen experienced a noticeable slowdown.

These trends are illustrated in **Fig 2.8**.

The adjustments and strategic expansions reflect L Company's efforts to maintain its market leadership and adapt to evolving industry dynamics.

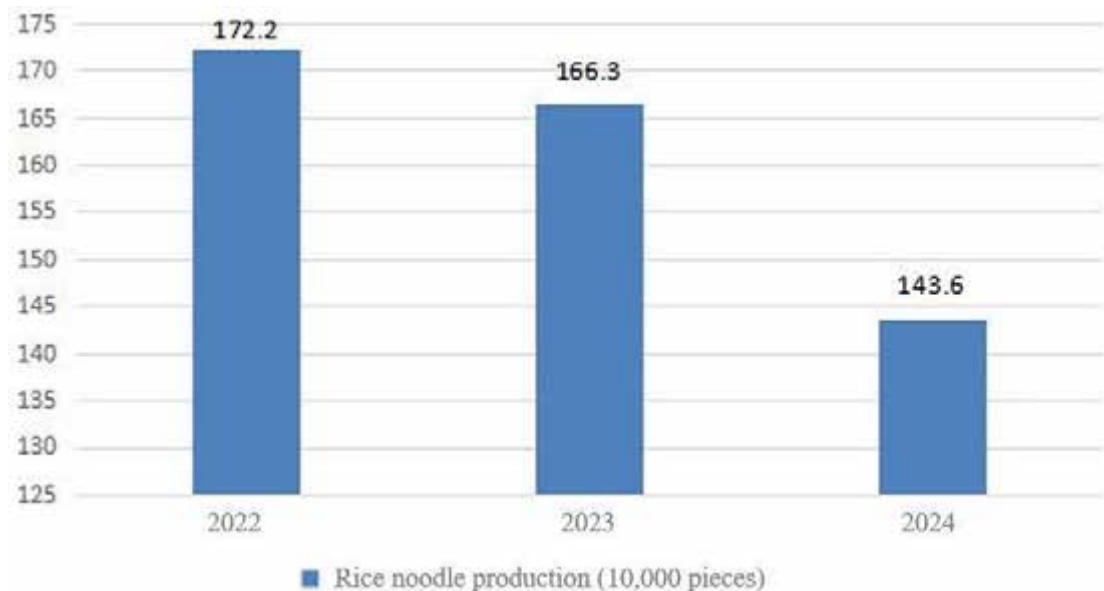


Fig. 2.8 Production Of Rice Noodles Of L co.,ltd From 2022 To 2024

Export Capabilities and Growth in Rice Noodle Exports

L Company holds rice noodle export qualifications, enabling it to supply rice noodles to pre-packaged Luosifen manufacturers for the production and export of pre-packaged Luosifen. Since 2020, the volume of rice noodle exports supplied by L Company has steadily increased year by year:

- **2022:** L Company's rice noodle export volume reached **23,244 cases**, primarily shipped to **14 countries** including the United States, Canada, Singapore, and Malaysia.

- **2023:** Export volume rose to **28,971 cases**, marking a **24.6% year-on-year growth**. In addition to the existing markets, new destinations included **Vietnam, Brazil, and New Zealand**.

- **2024:** Export volume surged to **84,248 cases**, representing a **191% year-on-year growth**. Besides the original export markets, new destinations included **Dubai, Chile, Israel**, and a total of **19 additional countries**.

This robust growth highlights the company's expanding international market reach and increasing demand for its rice noodle products abroad. The trends are visually represented in **Figure 2.9**.

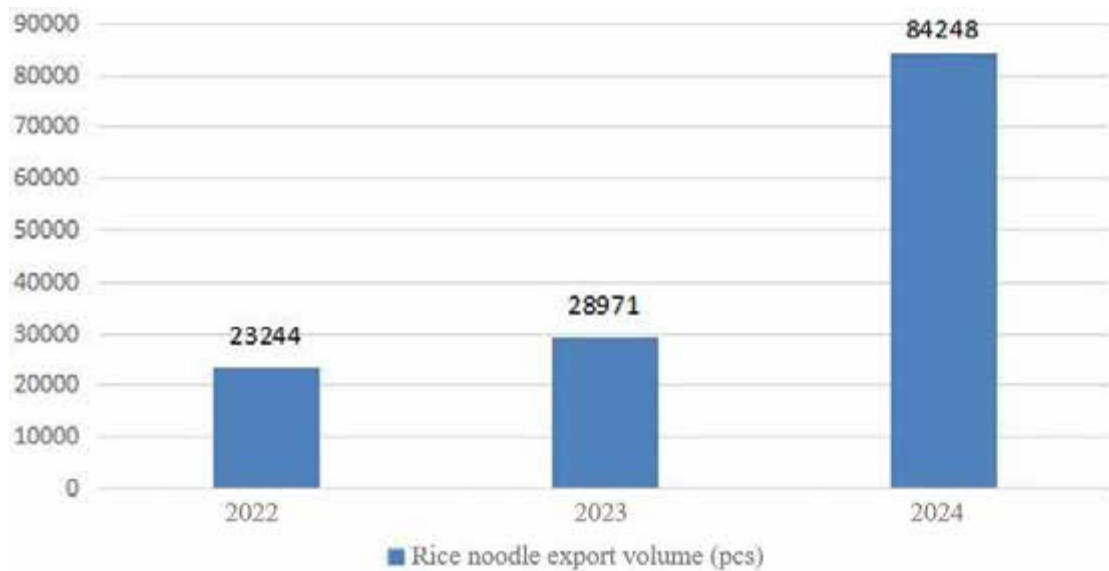


Fig. 2.9 Rice Noodle Export Volume Of L co.,ltd From 2020 To 2022

Impact of Strategic Adjustments on Luosifen Production

In **2022**, driven by the pandemic and the resulting surge in demand for Luosifen, L Company produced **2.777 million cases** of Luosifen to meet the market's needs. However, in **2023**, the company implemented strategic adjustments to strengthen its competitive advantage in supplying dry rice noodles, which is a core component of its business. To avoid direct competition with pre-packaged Luosifen manufacturers, the company reduced its budget for Luosifen production. Consequently, Luosifen production dropped to **1.178 million cases**, representing a **57.6% year-on-year decrease**. In **2024**, the strategic focus on dry rice noodles as the core business

continued, further reducing the production volume of Luosifen to **385,000 cases**, a **67.4% year-on-year decline**.

This shift reflects L Company's deliberate decision to prioritize its dry rice noodle business while scaling back its involvement in pre-packaged Luosifen production. These trends are illustrated in **Figure 2.10**.

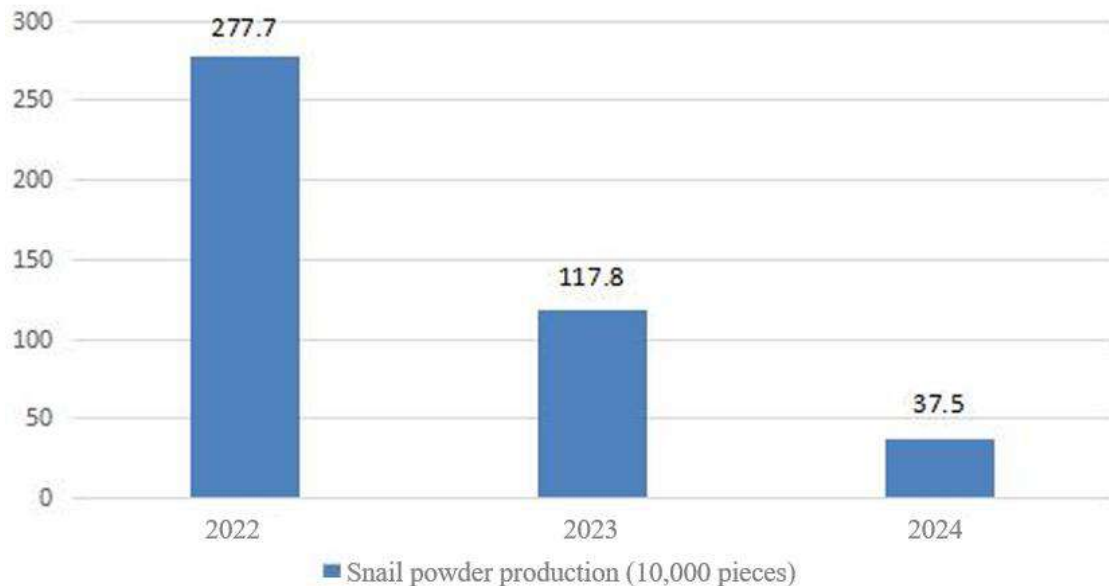


Fig.2.10 Production Of Liuzhou River Snail Rice Noodles of L co.,ltd From 2022 To 2024

L Company is located in the Liuzhou Luosifen Industrial Park, adjacent to major highways, offering convenient transportation and a favorable geographical location. The company occupies a total area of **3,070 m²**, with a factory space of **15,350 m²** across five floors. To cater to different business types, the company has established two separate production workshops: the rice noodle production workshop and the Luosifen production workshop.

The rice noodle production workshop at L Company specializes in producing rice noodles for pre-packaged Luosifen and other related products. It features 20 production lines with a designed daily capacity of 60 tons. Key equipment includes 4 mixers, 6 pulverizers, 23 noodle extruders, 23 noodle cutters, 3 washing machines, 20 aging rooms, 2 baking lines, 450 sealing machines, 10 automated rice noodle packaging machines, and 5 metal detection and weighing machines.

The Luosifen production workshop focuses on producing pre-packaged Luosifen and supplying ingredients for brick-and-mortar stores. It operates 8 production lines with a designed daily capacity of 300,000 packs. Major equipment includes 3 sauce cooking pots, 3 cooling tanks for Luosifen soup base preparation, 1 automatic fried tofu production line, 1 automatic fried peanut production line, 1 blanching assembly line for sour bamboo shoots and pickled long beans, 1 fresh-keeping cold storage room, 1 frozen storage room, 33 automatic vacuum packaging machines, 1 pasteurization machine, 4 metal detection and weighing machines, 1 automatic packaging and boxing machine, 2 automatic packaging shrink machines, 5 laser coding machines, and 15 integrated sealing and packaging machines.

To ensure product quality, the company operates an independent laboratory equipped with advanced tools, including 2 tabletop incubators, 2 thermostatic drying ovens, 6 electronic analytical balances, 1 mold incubator, 1 circulating water vacuum pump, 1 rotary evaporator, 1 biochemical incubator, and 1 rotary sterilizer.

The warehouse supports logistics operations with 2 electric forklifts, 2 oil forklifts, 1 4.2-meter box truck, and 1 6.8-meter box truck, ensuring efficient storage and transportation capabilities.

As the company is located within the Luosifen Industrial Park, many client factories are also situated in the same area. This enables efficient and timely delivery of goods to clients using factory vehicles.

Currently, a significant portion of the company's rice noodle production equipment is patented and self-developed, reflecting over 20 years of expertise and technological innovation in rice noodle production. The company ranks among the industry leaders in production capacity, with a strong competitive advantage in production techniques. However, the level of automation in the production lines still requires improvement. At present, **72.3% of the company's workforce** is engaged in production roles, and a substantial amount of the work relies on manual labor. Upgrading production lines to enhance automation remains a critical priority for the company.

As of the end of 2024, L Company employed a total of 344 individuals, distributed across various job categories. Production personnel accounted for the majority, with 259 employees (75.29%), followed by administrative management personnel at 25 employees (7.2%), technical personnel at 24 employees (6.98%), logistics personnel at 15 employees (4.36%), sales personnel at 16 employees (4.65%), and finance personnel at 5 employees (1.45%).

Regarding the age structure, employees aged 30 years and below numbered 19 (5.52%), those aged 31–40 years totaled 97 (28.2%), employees aged 41–50 years accounted for 171 (49.71%), and those aged 51 years and above numbered 57 (16.57%).

In terms of educational background, only 5 employees (1.45%) held a bachelor's degree or higher, while 36 employees (10.47%) had an associate degree, 22 employees (6.4%) possessed a high school or vocational school diploma, and the majority, 281 employees (81.69%), had below high school education.

The detailed distribution is shown in **Table 2.10**.

Table.2.10

Personnel Distribution Table Of L co.,ltd

Category	Number	Percentage
By Job Category		
Administrative Staff	25	7.27%
Technical Staff	24	6.98%
Logistics Staff	15	4.36%
Financial Staff	5	1.45%
Sales Staff	16	4.65%
Production Staff	258	75.29%
By Age Structure		
30 years old and below	17	5.52%

31-40 years old	97	28.20%
41-50 years old	171	49.71%
51 years old and above	57	16.57%
By Educational Level		
Below High School	281	81.69%
High School or Vocational	22	6.40%
Associate Degree	26	10.47%
Bachelor's Degree or Above	5	1.45%

Based on the data, L Company's workforce distribution highlights the following issues and challenges:

High Proportion of Frontline Workers: The majority of employees are frontline workers, who typically do not require advanced technical skills or professional expertise. Conversely, administrative management, technical, and sales personnel constitute relatively small proportions, indicating an imbalanced workforce structure.

Aging Workforce: Employees aged 30–50 account for **77.91%**, and those aged 51 and above make up an additional **16.57%**, resulting in a total of **94.48%** of the workforce being over 30 years old. This demonstrates that the overall workforce is aging, with limited younger talent to serve as a reserve force. This slow generational turnover poses challenges to the company's sustainable and healthy development.

Low Educational Attainment: Employee education levels directly impact creativity, which is a crucial driver for innovation and sustained growth. Among L Company's workforce, only **1.45%** hold a bachelor's degree or higher, and **10.47%** hold an associate degree. The majority of employees, especially frontline workers, have less than a high school education (**81.69%**). This low educational attainment may limit creativity and innovation across the organization.

Impact on Management Effectiveness: Managers play a critical role in a company's long-term development. However, the low educational qualifications of L Company's management team may result in a lack of initiative and creativity, potentially hindering the company's progress.

L Company's workforce of over 300 employees includes production, management, technical, and logistics personnel, effectively meeting the demands of current production orders and completing the daily functions of various departments. With a high proportion of frontline workers, the company can flexibly adjust staffing across production lines based on customer orders, ensuring efficient responses to urgent requests.

High Turnover Rate Among Frontline Workers: The large number of frontline workers, many with low educational backgrounds, face high turnover rates. A significant portion consists of farmers who work during the agricultural off-season but leave during peak farming periods. Additionally, the company's location in an industrial cluster area leads to employee mobility across enterprises due to factors such as benefits and salaries. This mobility results in frequent loss of skilled workers, increasing operational costs and reducing production efficiency.

Lack of Professional Management, R&D, and Operations Personnel: L Company has a shortage of highly educated professionals, despite the growing demand for specialized talent as industry competition intensifies. As a leading private enterprise, L Company struggles to attract and retain skilled professionals due to limited competitiveness in compensation packages. Furthermore, the company's management has a constrained perspective on talent acquisition, which restricts its ability to attract and retain technical and experienced professionals.

Absence of a Comprehensive Human Resource Management System: The company lacks a dedicated human resources management department, with administrative personnel handling HR responsibilities. This results in insufficient planning for the company's existing human resources, unclear career development paths for employees, and low motivation. Current compensation packages are average, and incentive systems are incomplete. While the sales team benefits from an

incentive program, no equivalent policies exist for other departments, limiting employee engagement and contributing to talent attrition. These shortcomings reduce the company's responsiveness to market changes, ultimately affecting profitability.

L Company faces several challenges in its human resource management, including high turnover among frontline workers, insufficient professional talent, and a lack of comprehensive HR management systems. To address these issues, the company must enhance its workforce structure, improve educational and professional development opportunities, and establish effective incentive systems to attract, retain, and motivate talent, thereby ensuring its long-term competitiveness and growth.

The company has a registered capital of **10 million RMB**. Despite being a relatively young enterprise, L Company benefits from over 20 years of financial accumulation from its predecessor. This positions it as one of the more financially robust enterprises within the industry.

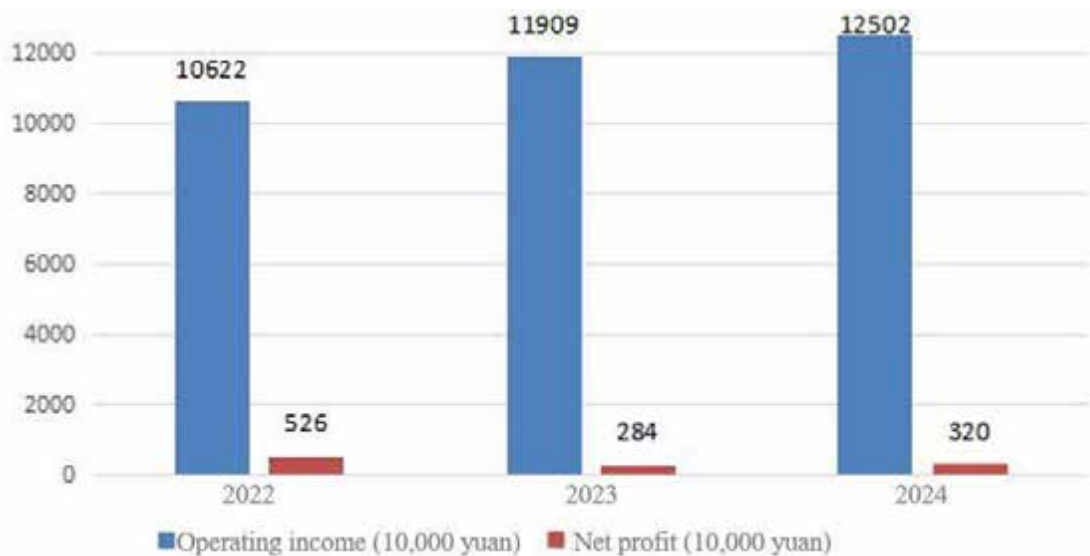


Fig.2.11 Revenue Of L co.,Ltd From 2022 To 2024

As shown in Fig 2.11, the COVID-19 pandemic in 2022 led to a surge in demand for pre-packaged Luosifen, resulting in a **total revenue of 106.22 million RMB** and a **net profit of 5.26 million RMB** for L Company.

In 2022, the company strategically shifted its focus to its core rice noodle business, expanding production capacity while scaling back its pre-packaged Luosifen segment. This adjustment led to an increase in revenue but caused a slight decline in net profit.

By 2024, L Company achieved a total revenue of 125.02 million RMB and a net profit of 3.2 million RMB, reflecting steady growth. L Company's financial and operational conditions remain stable. The company enjoys a good reputation and has established strong partnerships with commercial banks, financial institutions, and third-party guarantee companies, ensuring robust credit support.

To manage company resources more effectively, the financial department has implemented an ERP management system that integrates supply chain, finance, human resources, customer relations, and production management. The system focuses on accurate cost calculation and monitoring, using planning and process control as its core principles. This enables refined management and accounting across all aspects of the company, including personnel, finance, materials, production, supply, and sales.

As L Company continues to expand, it has established a four-tiered management structure aligned with its current stage of development. The organizational framework is divided based on departmental functions, encompassing seven key functional departments: the Production Department, Technical and Quality Inspection Department, Administrative and General Affairs Department, Warehousing Department, Finance Department, Procurement Department, and Sales Department. This structured approach ensures effective coordination and execution of the company's strategic and operational goals.

In L Company's organizational management, the Chairman oversees the strategic development direction of the company and coordinates resources between L Company and G Company. The General Manager is responsible for the overall daily operations of L Company and directly manages the Procurement Department, Finance Department, and Sales Department.

Under the General Manager, there is a Deputy General Manager who oversees the Production Department, Technical and Quality Inspection Department, Administrative and General Affairs Department, and Warehousing Department. This structure facilitates unified command over the production sector, improving

communication efficiency among production-related departments, enhancing coordination capabilities, and strengthening the factory's production management.

However, in terms of communication and coordination between the production sector and departments such as the Procurement Department, Finance Department, and Sales Department, the production-related departments are often in a subordinate and cooperative position. In daily operations, tasks requiring urgent coordination frequently encounter delays and bottlenecks, leading to a passive stance for the production sector. This negatively impacts product shipment efficiency and service speed.

L Company currently holds a total of 24 patents, comprising 4 invention patents, 14 utility model patents, and 6 design patents. These patents encompass various domains, including production equipment, manufacturing processes, and product packaging. The 4 invention patents specifically focus on innovations such as the processing and treatment of raw materials for rice noodle production, preparation methods for seasoning packets, and advanced production equipment like noodle cutters and rice noodle loosening machines. The detailed patent information is shown in **Table 2.11**.

Table.2.11

Invention Patent List Of L co.,ltd

Patent Type	Patent Name	Application Date
Invention Patent	A method for processing rice noodle raw materials	2018/11/7
Invention Patent	A healthful and delicious food seasoning package and its preparation method	2018/11/7
Production Equipment	An automatic noodle cutting machine	2022/12/28
Production Equipment	An automatic rice noodle loosening machine	2021/8/9

As shown in Table 2.11, L Company holds a total of 14 utility model patents, primarily focused on production equipment. Leveraging over 20 years of expertise in rice noodle production processes, experience, and technology, the company has independently developed a range of modern rice noodle production equipment.

The company is also equipped with a series of related equipment such as mixers, powder frying machines, and automatic rice noodle packaging machines. By incorporating technological innovations into traditional rice noodle production processes, L Company has established modernized production techniques. These advancements have significantly improved production efficiency and ensured consistent rice noodle quality.

Table.2.12

Utility Model Patent Table Of L co.,ltd

Patent Type	Patent Name	Application Date
Utility Model	An automatic noodle cutting machine	2018/11/7
Utility Model	An automatic noodle cutting machine	2018/11/7
Utility Model	A crushing and feeding device	2018/11/7
Utility Model	An automatic drying device for rice noodles	2018/11/7
Utility Model	A self-propelled quantitative feeding powder mixer	2018/11/7
Utility Model	A linear self-propelled quantitative feeding powder mixing device	2018/11/7
Utility Model	An automatic rice noodle loosening machine	2018/11/7
Utility Model	A rice noodle dispersing machine	2018/11/7
Utility Model	An environmentally friendly rice screening device	2021/8/31
Utility Model	An energy-efficient rice conveying device	2021/8/31
Utility Model	A raw material processing system for rice noodle production	2021/8/31
Utility Model	An efficient drainage rice soaking tank	2022/12/28
Utility Model	A material mixing device usable in rice noodle production	2022/12/28
Utility Model	A convenient feeding material conveyor device	2022/12/28

Table.2.13

Appearance Patent List Of L co.,ltd

Patent Type	Category	Patent Name	Application Date
Design Patent	Product Appearance	Packaging Bag (Guilin Rice Noodles 1)	2020/12/7
Design Patent	Product Appearance	Packaging Bag (Guilin Rice Noodles 2)	2020/12/7
Design Patent	Product Appearance	Packaging Bag (Guoqiao Rice Noodles 1)	2020/12/7
Design Patent	Product Appearance	Food Packaging Bag	2020/12/14
Design Patent	Product Appearance	Food Packaging Bag	2020/12/14
Design Patent	Product Appearance	Food Packaging Bag (Lehaha Horizontal Version)	2022/1/19

In terms of design patents, L Company's patents primarily focus on the product appearance design of its rice noodle packaging bags and Luosifen packaging bags, as detailed in Table 2.13.

The production standards for L Company's products are as follows:

Rice noodles produced by L Company adhere to the local production standard DBS 45/051, while Luosifen complies with the local production standard DBS 45/034. Beyond these standards, L Company has developed four proprietary enterprise production standards to meet diverse customer needs. These proprietary standards cover instant flavored rice noodles (vermicelli), instant dry (rice and wheat-based) food series, instant wet (rice and wheat-based) food series, and compound seasoning sauces. These standards reflect the company's commitment to quality and innovation in product development.

These standards cater to various customer requirements for customized flavored rice noodle products, as detailed in **Table 2.14**.

Leveraging its prior experience in rice noodle production and sales, L Company has been focused on the rice noodle industry since 1995, accumulating 29 years of extensive expertise and brand influence in the field. Since its foray into the Luosifen

business in 2016, the company has had 8 years of development, making it one of the earlier entrants in the Luosifen industry.

Table.2.14

Enterprise Standard Table Of L co.,ltd

Enterprise Standard Number	Filing Department	Patent Name
Q/LHH 0001S-2022	Autonomous Region Health and Wellness Committee	Instant Flavored Rice Noodles (Rice Noodles)
Q/LHH 0002S-2023	Autonomous Region Health and Wellness Committee	Composite Seasoning Sauce
Q/LHH 0003S-2022	Autonomous Region Health and Wellness Committee	Instant Dry (Rice, Noodles) Series Foods
Q/LHH 0005S-2022	Autonomous Region Health and Wellness Committee	Instant Wet (Rice, Noodles) Series Foods

Source: Compiled from internal materials

Since its establishment, L Company has received numerous honors, including recognition as a High-Tech Enterprise, Leading Agricultural Enterprise, and Industry Model Enterprise, demonstrating its leading position in terms of both infrastructure and technical capabilities. Additionally, the company has been awarded titles such as Guangxi Assured Grain and Oil Production Enterprise and Top 10 Pre-Packaged Luosifen Brands in Liuzhou, solidifying its strong brand image within the industry.

Through its collaborations with customers, L Company has also gained widespread recognition and received honors such as Outstanding Supplier, earning a strong reputation and positive feedback. These achievements are detailed in Table2.15.

L Company's primary product categories include rice noodle products and Luosifen products, encompassing pre-packaged Luosifen-specific rice noodles, seasoned dry rice noodles, long rice noodles for brick-and-mortar stores, pre-packaged Luosifen, and ingredients for brick-and-mortar stores.

Table. 2.15

Award List Of L co.,ltd

Date	Award Name
Dec-17	Industry Role Model Enterprise
Jul-18	First Prize in Luosifen Creative Cooking Skills Competition
Aug-18	Guangxi Trusted Grain and Oil Production Enterprise
Dec-18	Key Leading Enterprise in Liuzhou's Agricultural Industrialization
Jan-19	Favorite Luosifen Brand Among the Public
Jan-19	Autonomous Region Agricultural Leading Enterprise
Sep-20	Outstanding Enterprise of 2020
Nov-20	Guangxi Agricultural Brand Directory Agricultural Enterprise Brand
Dec-20	High-tech Enterprise
Jan-21	Advanced Enterprise in 2020 "Poverty Alleviation and Charity" Activities
Feb-21	2020 Economic Development Growth Award, Yufeng District
Jun-21	2020 Outstanding Supplier of Hongqi Chain
Jul-21	Third Prize in the 2nd Luosifen Skills Competition, Yufeng District
Jan-21	Strategic Partner of Guangxi Meiji Food Technology Group
Jan-21	Quality Supplier of Guangxi Luoshuangyuan Food Technology Co., Ltd.
Aug-21	Guangxi Trusted Grain and Oil Production Enterprise
Aug-22	Top Ten Brands of Liuzhou Luosifen (Pre-packaged) of 2021
Dec-22	2022 Love Enterprise
Dec-22	2022 Industry Role Model Enterprise
Aug-23	Top Ten Brands of Liuzhou Luosifen (Pre-packaged) of 2022

With a frontline workforce of 258 employees and over 20 years of experience collaborating with high-quality raw material suppliers, L Company ensures timely

completion of production orders by leveraging its strengths in raw material procurement, production efficiency, and capacity. These attributes position L Company as a leader in production and manufacturing capabilities compared to similar enterprises.

Table. 2.16

Capacity Utilization Table Of L co.,ltd From 2022 To 2024

Product Type	Year	Capacity (Tons/Units)	Output (Tons/Units)	Utilization Rate
Rice Noodles	2022	21,600	20,664	95.70%
	2023	21,600	19,960	92.40%
	2024	21,600	17,230	80%
Luosifen	2022	360,000	277,600	77.10%
	2023	360,000	117,800	32.70%
	2024	360,000	38,400	10.70%

Indicating high capacity utilization. However, in 2024, the capacity utilization rate dropped to 80%, primarily due to the commissioning of the newly constructed G Company production base, which diverted some of L Company's orders to G Company.

For Luosifen production capacity, the utilization rate reached 77.1% in 2022, driven by a surge in orders due to the pandemic. However, after the company's strategic shift in 2023 to focus on its rice noodle business, resources and funding for the Luosifen business were significantly reduced, relying mainly on organic sales. As a result, Luosifen order volumes plummeted from 2023 onwards, leading to severely underutilized capacity and generating substantial idle costs.

For sustainable development, an enterprise must not only advance in terms of market, resources, and technology but also continuously enhance its production and manufacturing capabilities. This is crucial for supporting product and technological improvements. Under its rice-noodle-centered development strategy, L Company still has considerable potential to further improve the manufacturing capabilities of its core products through enhanced utilization of space, equipment, and technology.

Organizational management is the ability to achieve organizational goals by coordinating resources, ensuring effective collaboration among members, and fostering alignment within the company.

As discussed earlier, L Company has a relatively clear organizational structure with distinct departmental responsibilities and well-defined roles. Departments associated with the production sector, including the Production Department, Technical and Quality Inspection Department, Administrative and General Affairs Department, and Warehousing Department, are coordinated by the Deputy General Manager. Weekly work meetings are held to ensure smooth communication and coordination, allowing tasks to be effectively executed.

Despite the adoption of quality management systems such as ISO9001, ISO22000, and HACCP, many issues in management remain superficial, without thorough optimization or improvement. Additionally, communication between production-related departments and the Sales Department, Finance Department, and Procurement Department lacks efficiency. This often leads to inter-departmental blame-shifting when problems arise, hindering effective resolution.

L Company operates as a typical family-owned business with a flat, linear management structure. Although the organizational structure is clear, key positions within the company, such as Chairman, Chairman's Assistant, General Manager, Finance Department Manager, and Procurement Department Manager, are occupied by family members. This results in centralized control of decision-making by the family.

In the early stages of the company's development, this centralized decision-making enabled high efficiency, leading to rapid growth and the company's emergence as an industry leader. However, as the company continues to grow, this model has become inadequate to address the rapidly changing market dynamics and complex challenges, increasing operational risks and hindering further development.

The management of family businesses often faces several drawbacks:

Preferential Treatment for Family Members: Family members tend to place their relatives in various company positions. These relatives often exhibit a sense of

“privilege,” making it difficult for them to adhere to company rules and regulations. This behavior creates unfairness and dissatisfaction among other employees. **Outdated Management Practices:** The heavy involvement of family members in senior management results in resistance to adopting new management concepts and methods. Decisions are often made based on past experiences, making it challenging for the company to adapt to modern business practices. **Interference in Middle and Lower-Level Decision-Making:** Department heads’ decisions are frequently overridden by family members, leading to dissatisfaction among managers and employees. This interference often results in unreasonable decisions, decreased morale, and diminished enthusiasm for work. **Distrust of External Professionals:** Family businesses often show distrust toward external professional managers, withholding decision-making authority and limiting their ability to manage effectively. This lack of trust often results in the departure of talented external managers, further affecting the company’s operational efficiency. In conclusion, while L Company has established a functional organizational structure, the heavy reliance on a centralized family-dominated decision-making process and the associated challenges significantly limit its ability to scale and adapt. Addressing these issues by modernizing governance practices, delegating authority, and fostering a more inclusive management culture will be essential for sustaining long-term growth.

2.3 L LUOSIFEN FOOD COMPANY’S identification and evaluation of internal environmental factors

Based on the analysis of L Company’s profile, development history, current operations, and available resources and capabilities, the following key internal factors have been identified: 6 major internal strengths and 6 major internal weaknesses.

Major Strengths

S1: Industry Leader with a Strong Reputation

L Company is recognized as an Autonomous Region Leading Agricultural Enterprise and an Industry Model Enterprise by the Luosifen Association. With stable product quality and excellent service, the company has built a strong brand image and reputation within the industry.

S2: Large-Scale Production and Adequate Capacity

L Company possesses extensive production equipment and facilities, with design capacities for rice noodles and Luosifen ranked among the top in the industry. This allows the company to respond quickly to and fulfill customer orders efficiently.

S3: Strong Competitiveness from High-Quality Raw Material Suppliers and Competitive Procurement Prices

Leveraging 29 years of experience in rice noodle production and sales, L Company has established close partnerships with high-quality raw material suppliers. Its stable purchasing volume enables competitive procurement prices, enhancing product competitiveness.

S4: Stable Customer and Distributor Base

L Company's core competitiveness in rice noodle products, combined with 29 years of production experience and technical expertise, has earned customer recognition and fostered stable relationships with distributors and clients.

S5: Significant Advantages in Rice Noodle Technology Resources

The company holds multiple technical patents covering rice noodle production equipment and processes, establishing a strong technological foundation for its product advantages.

S6: Comprehensive Quality Control System and Stable Product Quality

L Company has implemented ISO22000, ISO9001, and HACCP quality management systems and maintains its own testing laboratory. This enables comprehensive daily and pre-shipment quality checks, ensuring consistent product quality.

Major Weaknesses

W1: Challenges in Family Business Management

L Company operates as a typical family-owned business, with centralized management and “privileged” roles for family members. This limits the advancement of modern management practices and hinders the company’s long-term development.

W2: Limited Sales Channels and Weak Marketing Capabilities

The company relies heavily on offline sales channels, which need further expansion. Its online sales capabilities are underdeveloped and require significant improvement.

W3: Lack of Professional Technical and Managerial Talent

L Company lacks specialized talent to accelerate technology and management model iterations, making it challenging to meet the evolving demands of the market.

W4: Weak Pre-Packaged Luosifen Business

In 2022, the utilization rate of L Company’s pre-packaged Luosifen production capacity was only 10.7%, leading to resource waste and increased costs without generating sufficient value for the company.

W5: Non-Incentivizing Compensation System

The company’s current compensation system, based on a base salary plus performance pay, lacks scientific and detailed performance indicators. The low proportion of performance-based pay fails to effectively motivate employees during implementation.

W6: Insufficient Coverage of Automated Production Lines

Production staff account for the largest proportion of the workforce, and the automation level of production lines is low. This reliance on manual labor results in higher labor costs and limited professionalization of production processes.

Evaluation of Internal Environmental Factors

Based on the key internal factors identified and summarized in the previous section, an Internal Factor Evaluation (IFE) matrix for L Company is constructed. The detailed steps are as follows:

1. Identify Key Internal Factors

Based on the analysis of L Company's internal environment, 12 key factors affecting the company's development were identified, including 6 major strengths and 6 major weaknesses.

Table. 2.17

Internal Environmental Factor Evaluation Matrix Of Lco.,ltd (IFE)

Key External Factors	Weight	Score	Weighted Score
Strengths			
S1: Industry leader with a good reputation	0.1	3.28	0.328
S2: Large production scale and sufficient capacity	0.1	3.7	0.327
S3: High-quality raw material suppliers and competitive procurement prices	0.07	3	0.21
S4: Stable customer and distributor base	0.1	3.15	0.315
S5: Significant technical advantage in rice noodle production	0.1	3.93	0.393
S6: Comprehensive quality control system and good product quality	0.05	3.25	0.163
Subtotal (Strengths)	0.52		1.779
Weaknesses			
W1: Drawbacks in family business management	0.06	1.95	0.177
W2: Limited sales channels and marketing capabilities	0.1	1.5	0.15
W3: Lack of professional technical and management talent	0.09	1.43	0.129
W4: Weakness in pre-packaged Luosifen business	0.08	1.78	0.142
W5: Non-incentive-based compensation system	0.06	2	0.12
W6: Insufficient automation coverage in production lines	0.09	1.88	0.169
Subtotal (Weaknesses)	0.48		0.827
Total	1		2.606

2. Determine Weights for Key Internal Factors

A review panel of 16 participants, including company shareholders, senior management, middle management, and front-line managers, was formed. Through interviews, each factor was assigned a weight ranging from 0.00 to 1.00, reflecting its importance. The total weight of all factors sums to 1.00. The average weight for each factor was calculated by aggregating the assigned weights.

3. Score Key Internal Factors

The review panel rated the significance of each factor on a scale of 1 to 4, where:

- 4 points: Major strength
- 3 points: Minor strength
- 2 points: Minor weakness
- 1 point: Major weakness

The average score for each factor was calculated based on the panel's ratings.

4. Calculate Weighted Scores for Each Factor

The weighted score for each factor was calculated by multiplying its assigned weight by its score.

5. Calculate the Total Weighted Score

The total weighted score for the company was obtained by summing the weighted scores of all factors.

Based on the IFE matrix, L Company's **weighted score** is **2.606**, which is higher than the average value of **2.5**. This indicates that the company's **internal strengths outweigh its weaknesses**. L Company should develop appropriate development strategies that capitalize on its strengths while addressing its weaknesses to achieve stable and sustainable growth.

SECTION 3. SELECTION AND FORMULATION OF DEVELOPMENT STRATEGIES FOR L LUOSIFEN FOOD COMPANY

3.1 SWOT matrix analysis of L LUOSIFEN FOOD COMPANY

The company's mission, vision, and goals were established jointly by the founder and the shareholder team during the first shareholders' meeting and subsequently announced and implemented.

L Company's mission is: **“To preserve the rice noodle culture and promote human health.”**L Company is dedicated to protecting and promoting the heritage of rice noodle culture and the unique culture of Liuzhou Luosifen. The company aims to drive industry development, revitalize the local economy, and enhance product quality by introducing advanced production technologies and management concepts. By prioritizing food safety as its lifeline, L Company strictly adheres to food safety standards, ensures the delivery of healthy and safe products, improves nutritional value, and meets consumers' demand for a healthier diet.L Company's vision is: **“To become a world-class enterprise with international competitiveness.”**In practice, the company adheres to the business philosophy of **“Quality as the foundation, integrity as the cornerstone, innovation with pragmatism, and pioneering spirit.”** It strives for excellence, embraces innovation, improves product quality, expands sales channels, establishes a strong domestic foothold, and aims to reach global markets.

The development goals of the company represent the concrete embodiment of its mission and vision. To continue expanding its scale, fulfill its mission, and achieve its vision of becoming a world-class enterprise with international competitiveness, L Company must formulate development goals based on the industry context and its current operating conditions. These goals are divided into short-term and medium-to-long-term objectives. By 2025, the short-term goals include achieving an annual revenue of 200 million RMB, further consolidating the existing customer base and market share, increasing the market share of rice noodles for pre-packaged Luosifen

to over 30%, and expanding distribution channels for restaurant-packaged, circulation-packaged, and export rice noodles. The company also aims to develop the supply chain business for restaurant operations in brick-and-mortar stores, accelerate the automation of production lines, improve production processes, and enhance rice noodle production capacity to 100 tons per day. Additionally, L Company targets achieving an operating profit of 10 million RMB while prioritizing talent acquisition, establishing a human resources management system, improving compensation and performance evaluation systems, and completing corporate governance reforms to eliminate the drawbacks of family-based management. Looking further ahead, the medium-to-long-term goals by 2030 include increasing rice noodle production capacity to 300 tons per day, achieving an annual revenue of 500 million RMB and a profit of 45 million RMB, establishing a comprehensive online and offline sales network, developing a mature export trade business, and becoming the leading enterprise in the rice noodle industry with international recognition as a globally renowned company.

Based on the analysis of the identified key external and internal factors, a SWOT matrix is established for L Company to further analyze its strategic position. This matrix combines these factors to form **SO (Strength-Opportunity)**, **WO (Weakness-Opportunity)**, **ST (Strength-Threat)**, and **WT (Weakness-Threat)** strategies. These strategies serve as alternative options for the company's development, providing guidance for its strategic planning. The detailed SWOT matrix is presented in **Table 3.1**.

As shown in **Table 3.1**, the SWOT matrix analysis cross-matches the key internal and external environmental factors to derive alternative strategies for L Company's overall development and competitive positioning. These strategies are refined based on the intersections of strengths, weaknesses, opportunities, and threats, ensuring they align with the company's development objectives and competitive landscape.

Based on the SWOT matrix for L Company, **13 alternative strategies** have been identified, including **4 SO strategies**, **4 ST strategies**, **3 WO strategies**, and **2**

WT strategies. Further analysis reveals that the Luosifen industry is in a phase of rapid growth. As the industry develops, new business models will emerge, and the industry scale will continue to expand. With strong government policy support, L Company remains a leading enterprise in the competitive industry, demonstrating its ability to leverage strengths, address weaknesses, seize opportunities, and enhance its market share and competitiveness. Therefore, the following three strategic options are proposed as overall strategic choices for L Company:

Table 3.1.

SWOT Matrix Analysis Table Of L co.,ltd

External factor	Internal factors	Corporate Advantages (S)	Corporate Weaknesses (W)
	Strategic options	S1: The company is a leading player in the industry with a strong reputation among peers. S2: The company has a large-scale production capacity, ensuring sufficient output. S3: Strong product competitiveness, supported by high-quality raw material suppliers and favorable procurement prices. S4: A stable and loyal customer and distributor base. S5: Clear technological advantages in rice noodle production.	W1: The management structure of the family-owned business presents inherent drawbacks. W2: Limited sales channels and methods, with relatively weak marketing capabilities. W3: A lack of specialized technical and managerial talent. W4: Weakness in the pre-packaged small rice noodle business. W5: The compensation system lacks sufficient incentives. W6: Insufficient coverage of automated production lines.
External Opportunities (O) O1: Favorable government policies support rapid industry development. O2: Shifting consumer attitudes and upgraded demand contribute to continuous industry expansion. O3: The development of the industry has cultivated a solid consumer market foundation. O4: Technological and process upgrades drive innovation within the industry. O5: Diversified distribution models broaden the company's sales channels. O6: The emergence of various "small rice noodle +" new dining formats creates new growth opportunities. O7: Increased overseas demand promotes rapid growth in export sales.	Strength-Opportunity (SO) Strategies SO1: Focus on deepening the rice noodle market, expanding the customer base, increasing market penetration, and developing "flagship products" (S2, S3, S4, O3). SO2: Rebuild the pre-packaged small rice noodle business system, explore new channels, and increase market share (S1, S2, S6, O2, O3, O5). SO3: Develop the physical dining and "small rice noodle +" ready-to-eat product supply chain market (S2, S4, O6). SO4: Expand into overseas markets to boost export sales (S4, S6, O7).	Weakness-Opportunity (WO) Strategies WO1: Strengthen corporate reforms, improve management systems, optimize human resource management and compensation structures, and attract talent (W1, W3, W5, O1). WO2: Enhance the upgrade and transformation of automated production lines (W6, O1, O4). WO3: Increase marketing efforts, expand sales channels, and explore new markets (W2, W4, O2, O6).	
External Threats (T) T1: Intense market competition. T2: Severe product homogenization leading to internal competition within the industry. T3: The lack of mid-to-high-level talent and technical expertise in the industry, resulting in slow innovation and iteration. T4: Strong threats from potential entrants and substitute products. T5: Consumer concerns regarding the food safety of small rice noodles.	Strength-Threat (ST) Strategies ST1: Increase production capacity, improve processes, optimize production flows, reduce costs, achieve economies of scale, and enhance product competitiveness (S2, S3, S5, T1, T4). ST2: Develop differentiated products to meet consumer needs and provide unique services (S2, S5, T2). ST3: Expand the self-owned raw material base, improve supply chain infrastructure, and enhance product quality and safety (S3, S4, T5). ST4: Develop related supply chains, dining food production, and service sectors related to small rice noodles or rice noodles, extending the business upstream and downstream (S3, S4, T1, T3).	Weakness-Threat (WT) Strategies WT1: Promote corporate reforms, strengthen talent development, seek market expansion, and maintain existing sales channels to ensure the company's stable survival (W1, W2, W3, T5, T6). WT2: Shut down pre-packaged production lines, reduce staff numbers, cut production costs, and alleviate the company's burden (W2, W4, T1, T2).	

(1) Intensive Growth Strategy

Derived from **SO1, SO2, SO4, ST1, ST2, and WO3** strategies in the SWOT matrix, the intensive growth strategy is a viable alternative.

SO1 and ST1 focus on deepening market penetration by leveraging the company's core rice noodle business to target Luosifen and other rice noodle manufacturers. This includes increasing production capacity, improving processes, reducing costs, and enhancing product competitiveness to attract and develop more customers and increase market penetration. The goal is to position the company's core rice noodle products as flagship offerings. **SO2, SO4, and WO3** aim to expand

market development by rebuilding the pre-packaged Luosifen business system, intensifying marketing efforts, exploring new channels, segmenting target audiences, entering new markets, and increasing exports to overseas markets. **ST2** focuses on product development, offering differentiated products and services to meet diverse consumer needs.

(2) Related Diversification Strategy

Derived from **SO3** in the SWOT matrix, the related diversification strategy is another alternative.

This strategy leverages the foundation of the Luosifen industry's development to build a supply chain system for brick-and-mortar Luosifen restaurants. By utilizing the company's customer and technical resources, it seeks to expand pre-prepared food products for various "Luosifen+" dining formats. This approach addresses intense market competition and mitigates the threat of high product homogeneity in the pre-packaged Luosifen segment.

(3) Vertical Integration Strategy

Derived from **ST3** in the SWOT matrix, the vertical integration strategy is the third alternative. This strategy capitalizes on the company's production scale advantages and stable supplier base to expand the scale of its existing raw material bases, develop new primary raw material bases, and improve the supply chain system. By extending into upstream and downstream business segments, L Company can offer production-related services in the Luosifen and rice noodle supply chain, thereby enhancing overall operational efficiency and competitiveness.

These three strategies provide clear directions for L Company to achieve its development goals by leveraging existing strengths, addressing current challenges, and adapting to dynamic market conditions.

Alternative Competitive Strategies

Cost Leadership Strategy: By increasing capacity utilization, improving processes, optimizing production workflows, and enhancing automation through production line upgrades, the company can achieve economies of scale and reduce

product costs. Additionally, through corporate reforms and labor cost optimization, L Company can enhance its product's competitive advantage.

Differentiation Strategy: This strategy involves developing diverse products and offering differentiated services to meet the varied needs of consumers. By accepting custom orders tailored to specific client requirements and introducing new products, the company can cater to the growing market demand for diversified, healthier, and personalized options.

Focus Strategy: By consolidating resources, L Company can concentrate on the production of its core products and serve specific customer groups. Through deeper technological innovation and upgrades, the company can improve product competitiveness and establish more stable partnerships with its clients.

3.2 L LUOSIFEN FOOD COMPANY'S strategic choices and formulation

Based on the three alternative overall strategies identified in the SWOT analysis, L Company invited senior, middle, and junior management personnel to evaluate and analyze the strategies using the **QSPM matrix**. The detailed steps are as follows:

1. Identify Key Factors in L Company's External and Internal Environment

The key opportunities, threats, strengths, and weaknesses identified in the **EFE (External Factor Evaluation) matrix** and **IFE (Internal Factor Evaluation) matrix** serve as the critical factors for evaluating each alternative strategy in the QSPM.

2. Assign Weights to Each Factor

The weights assigned to each factor in the **EFE and IFE matrices** are used as the corresponding weights in the QSPM.

3. Rate the Attractiveness of Each Alternative Strategy

A review panel of **16 members**, including senior, middle, and junior management, was formed. Through interviews, the panel evaluated the three alternative overall strategies based on the principle of attractiveness, considering the

company's mission, vision, and goals. Each factor in the alternative strategies was rated on a scale of **1 to 4**, where **1** represents low attractiveness and **4** represents high attractiveness. The scores for each factor were averaged to determine its **Attractiveness Score (AS)**.

4. Calculate the Total Attractiveness Score (TAS) for Each Factor in the Alternatives

The **TAS** for each factor in each strategy is calculated as: That is, $TAS = weight * AS$

5. Calculate the Overall Total Attractiveness Score (STAS) for Each Strategy

The **STAS** for each alternative strategy is obtained by summing the **TAS** of all factors for that strategy. A higher **STAS** indicates a more suitable strategy. The strategy with the highest **STAS** is identified as the most appropriate overall strategy for L Company.

The QSPM analysis results and the total attractiveness scores for the alternative strategies are presented in **Table 3.2**. The strategy with the highest score is recommended as the optimal overall strategy for L Company.

External Opportunities (O)	Weight	Intensive Growth Strategy (AS)	TAS	Vertical Integration Strategy (AS)	TAS	Related Diversification Strategy (AS)	TAS
O1: Favorable government policies support rapid industry growth	0.11	3.35	0.369	3.19	0.351	3.26	0.359
O2: Changing consumer attitudes and demand upgrades lead to continuous industry expansion	0.02	3	0.06	2.81	0.056	3.16	0.063

O3: Industry development has built a strong consumer market foundation	0.09	3.46	0.311	2.56	0.231	3.17	0.285
O4: Technological and process upgrades drive industry innovation	0.04	3.06	0.123	2.63	0.105	3.04	0.122
O5: Diversification of distribution models broadens the company's sales channels	0.09	3.56	0.321	3.19	0.287	3.28	0.295
O6: Emergence of "Luosifen+" food models creates new growth points	0.08	3.5	0.28	2.81	0.225	3.69	0.295
O7: Growing overseas demand promotes rapid export growth	0.07	2.94	0.206	3.31	0.232	2.38	0.166

Threats

External Threats (T)	Weight	Intensive Growth Strategy (AS)	TAS	Vertical Integration Strategy (AS)	TAS	Related Diversification Strategy (AS)	TAS
T1: Intense market competition	0.14	2.88	0.403	2.38	0.333	3.02	0.423
T2: Severe product homogeneity leading to internal competition	0.14	2.25	0.315	1.63	0.228	2.68	0.375
T3: Lack of high-end talent and technology leading to slow innovation	0.06	2.19	0.131	1.75	0.105	2	0.12
T4: Potential entry of new competitors and substitute threats	0.08	2.25	0.18	1.63	0.13	2.45	0.196

T5: Consumer concerns over food safety of Luosifen	0.08	2.13	0.17	1.5	0.12	1.94	0.155
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Strength

Internal Strengths (S)	Weight	Intensive Growth Strategy (AS)	TAS	Vertical Integration Strategy (AS)	TAS	Related Diversification Strategy (AS)	TAS
S1: Industry leader with a good reputation	0.1	3.44	0.344	1.94	0.194	2.31	0.231
S2: Large production scale with sufficient capacity	0.1	3.56	0.356	2.38	0.238	2.81	0.281
S3: Strong supplier relationships and competitive pricing	0.07	3.31	0.232	2.06	0.144	2.35	0.165
S4: Stable customer and distributor base	0.1	3.25	0.325	2.19	0.219	2.31	0.231
S5: Strong technical expertise in rice noodle production	0.1	3.38	0.338	2.94	0.294	2.15	0.215
S6: Well-established quality control systems	0.05	3.06	0.153	2.19	0.109	1.94	0.097

Weaknesses

Internal Weaknesses (W)	Weight	Intensive Growth Strategy (AS)	TAS	Vertical Integration Strategy (AS)	TAS	Related Diversification Strategy (AS)	TAS
W1: Family business management issues	0.06	2	0.12	1.38	0.083	1.94	0.116
W2: Limited sales channels and weak marketing capabilities	0.1	1.94	0.194	1.69	0.169	1.88	0.188
W3: Lack of skilled	0.09	1.81	0.163	1.88	0.169	2	0.18

technical and managerial talent							
W4: Low market share in pre-packaged Luosifen	0.08	2.75	0.22	2.44	0.195	2.69	0.215
W5: Lack of incentive-based compensation system	0.06	1.94	0.116	1.81	0.109	2.06	0.124
W6: Inadequate coverage of automated production lines	0.09	2.5	0.225	2	0.18	2.31	0.208
Total Score Calculations							
Strategy Type	Total Score (TAS)						
Intensive Growth Strategy (AS)	5.653						
Vertical Integration Strategy (AS)	4.503						
Related Diversification Strategy (AS)	5.105						

According to the results of the QSPM matrix analysis, the **Intensive Growth Strategy** scored **5.653**, the **Vertical Integration Strategy** scored **4.503**, and the **Related Diversification Strategy** scored **5.105**. The highest attractiveness score was achieved by the Intensive Growth Strategy, followed by the Related Diversification Strategy, with the Vertical Integration Strategy scoring the lowest.

L Company has core competitiveness in its pre-packaged Luosifen-specific rice noodle products, while the Luosifen industry is experiencing rapid growth and has a large existing market. L Company should focus on pre-packaged rice noodles as its main business, leveraging its production scale advantage to enhance operational and management capabilities, further improve product competitiveness, and rebuild its Luosifen business system. Additionally, the company should seize opportunities

presented by the rapid expansion of brick-and-mortar Luosifen restaurants and diversified “Luosifen+” dining formats, expand its supply chain business, and actively develop overseas markets to establish a strong domestic foundation and global presence.

Therefore, aligning with L Company’s mission, vision, and development goals, it is recommended that the company adopt a **combination strategy**, with the Intensive Growth Strategy as the primary focus and the Related Diversification Strategy as a secondary approach, as its overall development strategy.

The alternative competitive strategies include **Cost Leadership Strategy**, **Differentiation Strategy**, and **Focus Strategy**, which can be flexibly applied by enterprises to gain or create competitive advantages. Considering L Company’s competitive environment, the feasibility of these strategies is analyzed as follows:

Cost Leadership Strategy

Cost Leadership Strategy focuses on achieving economies of scale by reducing product costs to gain a competitive advantage in the market.

For the Rice Noodle Business: Currently, the Luosifen industry faces intense competition, with prices continuously declining due to “price wars” and oversaturation. L Company’s pre-packaged Luosifen rice noodle products are a core business, and their pricing directly affects the production cost of pre-packaged Luosifen manufacturers, impacting customer loyalty and order volumes. In such a competitive environment, Luosifen manufacturers favor rice noodle suppliers with cost leadership to secure higher profit margins. Cost control is therefore critical for L Company. By leveraging its advantages in production scale, product quality, and technology, the company can adopt lean production practices to further increase capacity utilization and efficiency. Optimizing production processes and workflows, advancing automation in production lines, reducing labor costs, and improving employee skills to enhance yield rates and reduce waste are effective measures for achieving cost leadership. This approach would not only strengthen relationships with existing customers and distributors but also help attract new customers, thereby

increasing market share. Consequently, the **applicability and feasibility of the cost leadership strategy in the rice noodle business are high.**

For the Luosifen Business:In the Luosifen industry, competition is intense, with significant product homogenization. Most manufacturers and brands are competing to lower prices to stabilize or capture market share. Lowering prices requires cost reductions, and some small-scale or less regulated producers even compromise on product quality to reduce costs. Since 2021, L Company has focused on the rice noodle business, significantly reducing its marketing budget and business activities in the Luosifen segment. Low capacity utilization and high production costs make it challenging to implement a cost leadership strategy effectively in this segment. Therefore, the **applicability and feasibility of the cost leadership strategy in the Luosifen business are low.**

Differentiation Strategy

The Differentiation Strategy involves offering unique products or services to meet specific customer needs, thereby creating a competitive advantage.

For the Rice Noodle Business:The Luosifen industry has surpassed a scale of **60 billion RMB**, with the pre-packaged Luosifen market accounting for **18.175 billion RMB**. There is still significant room for L Company to penetrate this market, and pre-packaged Luosifen rice noodles remain the company's core business in the future. However, the production standards, processes, and workflows for Luosifen and rice noodles are clearly defined by local governments and relevant authorities, making it difficult to achieve differentiation in rice noodle products. Additionally, differentiated products generally incur higher costs compared to standardized, large-scale production, and L Company's customers are currently highly cost-sensitive. Thus, the **applicability and feasibility of the differentiation strategy in the rice noodle business are low.** Further analysis of the Differentiation Strategy for the Luosifen business and the Focus Strategy will provide a comprehensive evaluation of the competitive strategies available to L Company. Secondly, for the **Luosifen business**, the industry is currently facing severe homogenization and a phase of low-price competition, making it challenging to expand scale through price-based

strategies. However, L Company has advantages in technology, production equipment resources, and existing capabilities to offer differentiated products and services to customers. By leveraging the emerging “Luosifen+” dining formats and targeting segmented markets, the company can enhance its brand power and increase barriers against industry competition and potential new entrants. Therefore, the **applicability and feasibility of implementing a differentiation strategy in the Luosifen business are high.**

Focus Strategy

The Focus Strategy involves concentrating business activities on a specific buyer group, a particular segment of the product line, or a geographic market.

L Company has established two production workshops tailored to different product categories, enabling more specialized production. Currently, the company has a stable customer base and distributor network, covering Luosifen manufacturers, supermarkets, brand owners, and circulation channels. These customer groups contribute significantly to the company’s revenue and provide a market foundation for future growth. However, implementing a focus strategy would entail potentially abandoning some customer groups and carrying the risk of a narrow customer or product structure. Consequently, the **applicability and feasibility of the focus strategy in both the rice noodle and Luosifen businesses are relatively low.**

In conclusion, L Company’s competitive strategy should be tailored to the specific type of business it operates. For the rice noodle business, the cost leadership strategy is highly applicable and feasible, making it the preferred choice to enhance competitiveness by reducing costs and improving efficiency. For the Luosifen business, the differentiation strategy is both practical and viable, allowing the company to leverage its technological and production advantages to offer unique products and services, tap into segmented markets, and strengthen its brand position. This dual approach enables L Company to address distinct market demands effectively and maintain a competitive edge in both business areas.

This paper proposes that L Company adopts a **combination strategy**, with an **intensive growth strategy** as the primary focus and a **related diversification strategy** as a complementary approach, as its overall development strategy. The company's overall development strategy is structured as the **“134” strategy**:

- **One Goal:** The overarching strategic goal is to transform L Company into a world-class enterprise with international competitiveness.

- **Three Product Categories:** The focus is on three core product types—**rice noodle products, Luosifen products, and pre-prepared products for the restaurant supply chain.**

- **Four Implementation Strategies:**

1. The **“Powder King” Strategy** to strengthen the competitive advantage of rice noodle products.

2. The **“Dark Horse in the Powder World” Strategy** to establish a differentiated layout in the pre-packaged Luosifen segment.

3. The **“Master of All Luosifen” Strategy** to drive diversified market expansion.

4. The **“Powder Fame Worldwide” Strategy** to enhance international operational capabilities.

The strategic plan focuses on reinforcing the rice noodle business to solidify the company's foundation, restructuring the pre-packaged Luosifen business to create differentiated “dark horse” products for growth, and leveraging company resources and capabilities to develop diversified restaurant supply chain businesses related to Luosifen and rice noodles. These efforts aim to open new avenues for growth, address fierce market competition, and achieve sustainable development. By strengthening the domestic market and expanding into international markets, the company seeks to enhance its global competitiveness.

This paper suggests that L Company's competitive strategy should be selected based on its business type. For the **rice noodle business**, the company should adopt a **cost leadership strategy**, while for the **Luosifen business**, it should implement a **differentiation strategy**.

For the rice noodle business, L Company's cost leadership strategy is formulated as the **“Four-Pronged Cost Reduction and Efficiency Enhancement” strategy**. This strategy focuses on reducing costs and optimizing efficiency across four key dimensions: labor costs, production costs, procurement costs, and economies of scale. By streamlining cost control at every stage, the company aims to establish a competitive cost advantage for its rice noodle products, thereby maintaining a leading position in the rice noodle business segment.

For the Luosifen business, L Company's differentiation strategy is segmented into three sub-strategies: the **“Excellence in Quality” Series Strategy**, which emphasizes superior product quality to attract and retain customers; the **“Innovative Differentiation” Strategy**, which focuses on introducing unique and innovative products to stand out in the competitive market; and the **“Global Flavors” Strategy**, aimed at developing products tailored to diverse international tastes to expand the market. These differentiated approaches enable L Company to address intense market competition while sustaining its competitive advantage.

3.3 Implementation and support of L LUOSIFEN FOOD COMPANY's development strategy

“Powder King” Strategy: Strengthening Rice Noodle Competitive Advantage

Pre-packaged Luosifen has experienced explosive growth in less than a decade, with sales revenue increasing from 520 million RMB in 2015 to 18.2 billion RMB in 2022, significantly expanding the market size. This growth has directly driven demand for pre-packaged Luosifen-specific rice noodles. L Company, with 28 years of experience in the rice noodle industry, has developed strong competitive advantages in craftsmanship, technology, experience, and scale, earning recognition from numerous clients and establishing cooperative relationships with over 200 manufacturers and brands. This product remains the company's core business, holding the highest market share and significance. To maintain this leadership, L

Company should further expand production capacity, enhance quality control, and leverage its competitive advantages to strengthen client relationships and secure a dominant market position. Key implementation measures include securing long-term partnerships by establishing strategic cooperation agreements with key clients to ensure stable annual procurement volumes, maintaining strong client relationships by closely monitoring changes in procurement needs, and providing timely support to stabilize demand. Additionally, the company should prioritize key clients by reassessing client resources and historical purchase data to ensure priority service in production and delivery, offering discounts during off-seasons to solidify these relationships. Rebuilding relationships with former clients by staying connected and analyzing reasons for discontinued partnerships will help re-establish cooperation. Finally, identifying new market opportunities by monitoring emerging brands in the industry and leveraging the company's competitive advantages to secure partnerships can further increase market penetration for pre-packaged Luosifen-specific rice noodles.

L Company's product portfolio also includes other dry rice noodle series, supported by a well-established distributor network built over 20 years of production and sales. The current network is primarily concentrated in Guangxi and Guangdong, with distribution channels including traders, supermarkets, agricultural markets, and convenience stores. However, the geographic coverage is relatively limited, and sales methods remain traditional. To address this, L Company should introduce support policies to assist retail outlets in increasing product turnover, expand into regions with strong consumer preferences for rice noodle products, such as Hunan, Yunnan, and Jiangxi, and establish regional general distribution centers. These centers would leverage local distributors' sales teams to penetrate local networks, creating a sales structure centered in Guangxi and radiating outward to East China, South China, Southwest China, Central China, and Northeast China.

First, L Company can offer customized products based on client needs. While the standard rice noodle diameter is 1.4mm, the company can develop variations such as 1.0mm, 1.2mm, and 1.6mm to meet the specific requirements of different

manufacturers. Second, it can produce rice noodles of varying lengths to facilitate product differentiation for its clients. Third, by combining rice noodles with other raw materials, the company can innovate new products, such as kudzu root rice noodles or pumpkin rice noodles. Lastly, the company can diversify its rice noodle offerings.

As a staple food in southern China, rice noodles come in countless varieties. Guangxi, Hunan, Guizhou, and Jiangxi are the four most prominent “rice noodle provinces,” and provinces like Fujian, Yunnan, and Hainan also boast numerous local varieties. From Guilin rice noodles, Huaxi beef noodles, and Jiangxi rice noodles to Yunnan’s “Crossing the Bridge” rice noodles and the currently trending “fat soup rice noodles” online, each variety represents a potential client group for L Company. By targeting regional taste preferences and leveraging its technical expertise in rice noodle production, the company can develop products tailored to different rice noodle types in terms of raw materials, production processes, and product forms, thereby attracting a broader range of client enterprises.

“Dark Horse in the Powder World” Strategy: Creating Differentiation in Pre-Packaged Luosifen

The primary consumers of pre-packaged Luosifen are young people who are enthusiastic about novelty and highly receptive to new products. However, the current market is plagued by severe product homogenization, making it difficult for brands to stand out. To address this, L Company should focus on providing differentiated product experiences as a breakthrough, capturing consumer needs and assigning new attributes to Luosifen to attract and retain young consumers, thereby building brand loyalty.

First, the brand name of L Company’s pre-packaged Luosifen is currently unrelated to “snail” and is somewhat awkward and difficult to remember. Given the high public awareness of Luosifen, the company should consider selecting a simple, memorable, and inherently shareable brand name to enhance marketing efficiency. Second, the company should segment its target consumer groups and conduct refined analyses of product flavors, sizes, packaging, consumer profiles, and consumption

scenarios to enhance user experiences, capture unique selling points, and meet diverse consumer needs. Third, in brand marketing, the company can delve into the shared interests of young consumers, employing playful marketing strategies to establish brand recognition and build emotional connections. Collaborating with influencers and key opinion leaders can amplify brand exposure and deepen consumer engagement. Lastly, the company should establish online sales channels by opening stores on platforms such as Taobao, Tmall, JD.com, and Douyin, while utilizing social media platforms like Xiaohongshu and video accounts to build a private traffic operational matrix. Exploring food delivery platforms like Meituan and Ele.me will also align with modern consumer trends. Engaging in live-stream sales by creating company accounts and live-streaming rooms on major platforms can further enhance product visibility and brand culture.

While online channels increase exposure and traffic, offline channels remain indispensable. A robust offline distribution network grants greater control and closer proximity to consumer demands, making offline expansion a necessary path for sustained brand growth. L Company should build on its existing offline sales team by recruiting talent to form a mature channel business team and distributor model. This team should focus on market development, customer maintenance, terminal construction, and consumer education. Expanding distribution channels to include supermarkets, wholesale markets, convenience stores, community supermarkets, group-buying initiatives, and instant snack outlets is essential. Regular visits to distributors to address challenges and provide collaborative solutions will ensure smoother channel development.

Leveraging its production scale, technological advantages, and strong industry reputation, L Company's OEM services for pre-packaged Luosifen form a significant part of its business. As the demand for pre-packaged Luosifen surges, e-commerce brands with light assets and heavy marketing strategies often prefer OEM arrangements to enter the Luosifen market. Local industry leaders like L Company are thus their preferred partners.

To capitalize on this, L Company should introduce diverse OEM models with tiered pricing to enrich its product line, combining R&D capabilities and production advantages to enhance service levels for brand partners. Additionally, the company can offer customized services for group purchases or promotional gifts, designing simple, quickly implementable, and distinctive customization packages to meet the needs of organizations or teams for festive or celebratory events.

L Company aims to build a comprehensive **one-stop Luosifen restaurant supply chain service system** as the restaurant sector becomes a critical growth driver in the Luosifen industry, which is evolving toward a trillion-yuan market. With its strong market foundation and reputation as a “social food,” Luosifen has transitioned from an online bestseller to a significant enabler for offline restaurant growth, leading to a surge in brick-and-mortar Luosifen establishments. Leveraging its technical expertise, stable raw material suppliers, and reliable customer base, L Company can develop a supply chain system encompassing raw material procurement, production, storage, and distribution. This includes establishing standardized and regulated product specifications to ensure consistent, high-quality dining experiences for restaurant customers; simplifying procurement processes to enhance restaurant operational efficiency; providing one-stop supply services offering all ingredients necessary for a bowl of Luosifen, reducing selection challenges for restaurant operators; and offering customized product development services for national chain brands to create diverse SKUs tailored to various regional and restaurant-specific flavor preferences.

L Company also plans to **develop model Luosifen restaurants** to promote franchising. These prototype stores will not only provide standard ingredient packages for Luosifen establishments but also deliver comprehensive solutions and all-inclusive product packages for aspiring entrepreneurs with no prior experience in the Luosifen restaurant business.

Additionally, L Company aims to establish a **“Luosifen in Everything” pre-prepared food supply chain system**, capitalizing on the synergy between the booming Luosifen and pre-prepared food industries. The evolution of various

“Luosifen+” dining formats has driven demand for Luosifen-related pre-prepared dishes. Pre-packaged Luosifen already includes diverse accompaniments, and the equipment and processes required for pre-prepared food production align closely with those for Luosifen products. For L Company, developing a Luosifen + pre-prepared food product line is a highly feasible strategy that supports business transformation and diversification. Innovations may include complementary products for Luosifen restaurants, such as tiger-skin chicken feet, braised duck feet, braised pork trotters, and sour bamboo shoots with pork skin, as well as specialty items for Luosifen hotpot restaurants, such as Luosifen duck foot stew, Luosifen chicken, and Luosifen pork belly. These products represent breakthrough opportunities for L Company’s product innovation and business growth.

“Powder Fame Worldwide” Strategy: Enhancing International Business Capabilities

The export volume of Liuzhou Luosifen has grown steadily year by year, aligning with L Company’s vision of expanding into international markets. Currently, the company’s export business largely relies on distributors, resulting in limited direct customer relationships abroad. To strengthen its international presence, L Company should leverage its rice noodle, Luosifen, and flavored rice noodle export qualifications, expand its self-owned rice cultivation bases, enhance its expertise in export trade, and aggressively develop its export business.

L Company should focus on cultivating talent for cross-border e-commerce by recruiting professionals externally or training existing employees internally. This will accelerate the development of expertise in cross-border e-commerce platforms and skills. The formation of a dedicated foreign trade team will enable the company to harness these skills effectively, thereby improving its foreign trade capabilities and overall competency. In addition to its regular export destinations such as the United States and Australia, L Company should actively expand into emerging markets, particularly in Southeast Asia. Social media platforms can be utilized to conduct brand marketing and attract new international clients.

L Company should establish brand flagship stores on major cross-border e-commerce platforms and participate in in-platform marketing and promotions. Collaborating with professional cross-border e-commerce service providers or forming partnerships with vocational colleges specializing in international trade and cross-border e-commerce can further support this effort. These collaborations can combine store operations with educational practice, enhancing operational capabilities. Additionally, leveraging overseas warehouses for order fulfillment will streamline logistics and improve customer satisfaction in international markets.

Based on the competitive strategy framework developed for L Company, this section outlines specific implementation measures for the rice noodle and Luosifen businesses.

For its rice noodle business, L Company adopts a **cost leadership strategy** as its competitive approach. This strategy is implemented through the “Four-Pronged Cost Reduction and Efficiency Enhancement” approach, detailed as follows:

Firstly, to reduce **labor costs**, L Company aims to enhance production line automation through technological innovation. A significant portion of the company’s rice noodle production currently relies on manual packaging, resulting in low efficiency and high labor costs. By upgrading existing production lines and incorporating automated equipment, the company can significantly reduce the workforce and associated costs. For instance, in the second half of 2023, L Company introduced additional rice noodle automatic packaging equipment, effectively reducing labor demand by nearly one-third, with costs amounting to only 65% of manual packaging expenses. Additionally, the company plans to optimize organizational management to improve employee efficiency and overall productivity. Secondly, to reduce **production costs**, L Company focuses on standardizing production processes. This includes refining and optimizing work instructions and operational procedures for production roles, strengthening compliance with production norms, and defining and quantifying performance metrics for each position. A comprehensive raw material management system will ensure the traceability of materials in both forward and reverse directions. By

inputting Bill of Materials (BOM) data for raw materials, packaging, and auxiliary materials into the ERP system, L Company can monitor daily production inputs, outputs, losses, and yield rates. Any anomalies in the production process can be identified, addressed, and assessed, effectively minimizing waste and production losses. Additionally, L Company promotes lean production practices to enhance efficiency. Internal training sessions will be conducted to educate employees on lean production principles, while departmental-level improvement activities will be encouraged. Material rewards will be provided as incentives to foster active participation, ultimately improving production efficiency and reducing operational costs. Secondly, **reducing energy consumption** is essential. The production and processing of rice noodles require significant amounts of water, electricity, and steam. Monitoring energy usage is a critical measure for effectively reducing production costs. To achieve this, L Company should enhance energy-saving education for production teams and establish quantifiable energy consumption standards for each team. By aligning production schedules and volumes with the operational needs of different production stages, the company can avoid unnecessary energy waste. Additionally, leveraging peak and off-peak electricity pricing by scheduling production during off-peak hours—when electricity rates are typically lower, such as at night—can significantly reduce energy costs and overall production expenses. Thirdly, **improving the quality management system** is crucial. Food safety is the lifeline of any food enterprise, and quality issues on a large scale can lead to substantial economic losses. L Company should strengthen its quality management system by enhancing internal control requirements to prevent incidents such as the mass scrapping of defective products due to quality issues. This will ensure product consistency, reduce waste, and safeguard the company's reputation and economic stability.

Procurement is a critical link in the production process, and optimizing procurement workflows can significantly lower raw material costs while improving the quality of procured materials. Enhancing the procurement system helps reduce inventory accumulation, lower storage costs, and ensure timely and efficient

production. The primary raw materials for rice noodle production, such as rice and corn starch, are typically purchased in bulk. L Company should actively expand its supplier base and establish long-term contracts with suppliers to secure maximum discounts and mitigate the risk of cost increases due to market price fluctuations.

Furthermore, the company should strengthen supplier management by collaborating with reliable and well-established raw material suppliers. Developing a comprehensive supplier evaluation system—considering factors such as supplier qualifications, raw material quality, pricing, delivery timelines, and after-sales services—ensures the quality of raw materials and minimizes risks related to food safety issues arising from substandard inputs. Enhancing the capabilities of procurement personnel will also help achieve high-quality, cost-effective procurement.

Expenses such as factory rent, fixed asset depreciation, office expenses, and administrative costs can be effectively reduced by scaling up production. This reduces the fixed cost per unit of production, thereby lowering the overall production cost per unit. Currently, L Company’s designed production capacity is 60 tons per day. By increasing market penetration and development, the company can further expand its market share and increase rice noodle production capacity to over 100 tons per day. This scale expansion will boost capacity utilization and effectively reduce production costs, enhancing the company’s competitive edge.

For its Luosifen business, L Company adopts a differentiation strategy as its competitive approach. This strategy is implemented through the “Excellence in Quality” series, the “Bold and Innovative” series, and the “Nine Regions Flavors” series, detailed as follows:

This strategy emphasizes superior quality and meticulous production to establish a reliable brand image. As living standards improve, consumer demand for high-quality, health-oriented products continues to grow. While the production of pre-packaged Luosifen lacks significant technological differentiation, differences often arise in production scale, equipment sophistication, and management efficiency.

Many competitors resort to lowering or compromising product quality to compete on price, leading to frequent food safety issues.

The “Excellence in Quality” series targets the high-end market by focusing on premium quality. Packaging designs will differentiate from conventional Luosifen designs, adopting a minimalist and sophisticated style. Product packaging will be upgraded from plastic bags to paper boxes. Premium raw materials will be carefully selected, production management will be enhanced, and stringent quality controls will ensure consistently high-quality output. These efforts will establish a quality advantage to surpass competitors. Combined with new media marketing, the company will highlight its strengths, such as its status as an industry leader, high-tech enterprise, and top brand. This will build a reputation for high quality, creating differentiation in the market.

The “Bold and Innovative” series focuses on creating differentiation as a key strategy to carve out a niche in the highly competitive, homogenized market. Innovative packaging designs will cater to diverse consumer groups and consumption scenarios, incorporating popular themes like Chinese retro trends, modern Chinese aesthetics, and anime culture. Instead of the conventional use of plastic bags, alternative materials such as paper boxes and paper bags will be used to make the product stand out.

In terms of brand marketing, L Company can integrate its product with corporate culture by utilizing its cartoon IP characters based on Luosifen elements. These characters can blend elements of Liuzhou culture, Luosifen culture, and corporate identity, using a personified approach to engage consumers. The company can also promote its brand through merchandise and enhance its new media operations by leveraging social media platforms. By interacting with consumers, gathering feedback on activities, products, and services, and implementing optimization measures, the company can improve the consumer experience.

For product flavor differentiation, while most Luosifen products on the market focus on classic flavors like original, rich soup, and spicy, some brands have introduced variations such as crayfish, clam, and tomato flavors. Beyond flavor

innovations, L Company can create unique combinations with other distinctive foods, such as stinky tofu Luosifen, durian Luosifen, or chicken feet Luosifen. These unconventional pairings can capture attention, generate product buzz, and drive traffic through compelling topics.

Traditional Chinese culinary culture is a source of inspiration for product innovation, with regional specialties reflecting local food traditions. As a highly versatile regional delicacy, Luosifen can combine with diverse regional cuisines to create new and exciting offerings. For example, the company could launch chicken and mushroom Luosifen for the Northeastern market or pickled mustard greens Luosifen for the Sichuan market. By enhancing its R&D capabilities and integrating Luosifen with the dietary habits and specialties of various regions, L Company can implement differentiated innovations to cater to diverse consumer preferences.

Implementation Safeguards for L Luosifen Food Company's Development Strategy

A well-structured organizational framework ensures smoother company operations. To better mitigate the drawbacks of family-style management, L Company should promptly optimize its organizational structure and internal management system to efficiently implement its strategic plans, adapt to market changes, seize opportunities, and mitigate risks for sustainable growth.

First, the company should clearly define responsibilities among management levels, enabling departments to effectively execute strategic directives. Second, each department should be adequately staffed to strengthen talent reserves, promote a younger talent pipeline, maximize talent potential, and enhance the company's overall capabilities.

1. To address the limitations of the current centralized organizational structure, three additional **vice general manager positions** should be created under the general manager to assist in implementing strategic initiatives in alignment with the company's development plan. A scientific delegation and decision-making mechanism should be established for the newly created positions to maximize the potential of professional managers within their management scopes. Specifically:

One vice general manager will oversee the **Finance Department and Procurement Department** to better coordinate and plan financial resources, supporting the implementation of the cost leadership strategy in the rice noodle business. Another vice general manager will be responsible for the **Sales Department**, focusing on consolidating existing markets, expanding into new ones, and achieving sales targets. A third vice general manager will manage the **Human Resources Department and Administrative Affairs Department**, focusing on personnel and administrative management.

2. A **Human Resources Department** should be established to optimize and implement human resources management mechanisms. The department will ensure staffing needs for all other departments, analyze reasons for employee turnover to reduce attrition rates, and introduce young reserve talent to rejuvenate the management team. It will also conduct workforce planning based on operational needs, develop recruitment, training, and management plans according to position requirements, and bring in professional managers, R&D personnel, and operations experts. Additionally, it should establish a job incentive system and handle labor relations matters effectively.

3. A **R&D Department** should be created to align with the strategic objectives of pre-packaged Luosifen differentiation and diversified market expansion. This department will be responsible for product research and innovation, enhancing the variety and competitiveness of the company's offerings.

4. The **Sales Department** should be divided into a **Domestic Sales Division** and an **International Sales Division**. The Domestic Sales Division will focus on the rice noodle, Luosifen, and supply chain businesses within the domestic market. The International Sales Division will manage overseas operations, recruiting talented foreign trade professionals to vigorously develop international markets and drive the "Powder Fame Worldwide" strategy. This initiative aims to enhance the company's international operating capabilities and contribute to its vision of becoming a globally competitive enterprise.

The development of a business requires robust financial support, particularly when implementing strategic initiatives such as expanding production capacity, investing in automated equipment, entering international markets, and building sales channels. To ensure sufficient funding, L Company must improve its financial systems, enhance its financing capabilities, and effectively mitigate financial risks.

First, **improve financial management systems** to allocate resources effectively and strengthen asset management. Conduct annual inspections and registrations of the company's fixed assets, ensuring that assets are aligned with the corresponding departments that utilize or manage them. Strengthen internal budget management by formulating departmental budget expenditures based on their operational needs and plans. Establish standardized procedures for fund usage, including internal procurement and non-operational expenditures. Allocate funds efficiently by prioritizing operating expenses over non-operational costs, thereby enhancing the utilization of financial resources. Strengthen the management of accounts receivable by closely monitoring collections to ensure timely cash flow. Second, **increase self-generated funds** by requiring the sales department to strictly implement sales plans and meet sales targets. This will boost the company's operating income and reduce financial risks. Third, **enhance the company's financing capabilities** by actively exploring diverse financing channels. Strengthen partnerships with financial institutions and maintain strong relationships with commercial banks to secure favorable credit lines through various loan policies. This will ensure sufficient liquidity to support the company's strategic initiatives. Lastly, **seek government project support** by engaging with ministries such as the Ministry of Industry and Information Technology (MIIT), as well as departments overseeing technology and agriculture. Proactively secure industrial policy benefits or special funding programs to reinforce the company's financial base.

Talent is the cornerstone of business development, and effective human resource management is essential for improving efficiency and enhancing management capabilities. L Company should establish a robust human resource management system, refine its talent selection mechanisms, address the talent needs of its growth

strategy, strengthen recruitment efforts, create clear career advancement pathways, and optimize its compensation and performance management systems. Human resource management serves as the foundation and guarantee for the successful implementation of the company's strategy.

First, **enhance human resource management systems and attract professional technical and managerial talent.** Building upon the establishment of a Human Resources Department, the company must systematically manage and plan its human resources to ensure sustained growth and role alignment. Efforts should focus on human resource management, talent recruitment, employee motivation, and career advancement pathways. Broaden recruitment channels to bring in professional technical and management personnel based on organizational structure, departmental responsibilities, and the needs for management and technical expertise. Establish and refine a talent acquisition mechanism to elevate the company's technical standards comprehensively. Additionally, develop talent training programs to enhance skills and foster employee loyalty. Second, **strengthen employee training.** Training programs not only improve employee skills but also foster a sense of belonging, enhance internal communication, and boost cohesion within the company. For R&D staff, partnerships with external research institutions can facilitate specialized training courses. For management personnel, training should cover areas such as administrative management, human resource management, production management, and risk management. Sales staff should focus on product knowledge, sales techniques, and market development skills, while foreign trade sales teams should be trained in international trade knowledge, transaction techniques, and customs procedures. Production staff should receive training on corporate culture, work processes, and job-specific skills. Diverse training methods, including online resources, can be utilized to maximize the effectiveness and accessibility of training programs. Third, **develop a comprehensive compensation system and improve the performance evaluation framework.** A well-structured compensation system can effectively motivate employees to perform efficiently. Compensation should consist of three components: fixed salary, variable salary, and benefits. Variable pay should

be strategically utilized to align with employees' abilities and contributions to the company. Performance evaluations should be designed to incentivize employees, with performance metrics aligned with the company's strategic goals. Additionally, benefits such as social insurance, housing funds, regular health check-ups, and overtime allowances can enhance employees' sense of belonging and security, further improving overall satisfaction and retention

CONCLUSIONS

This study takes L Company as its research subject, employing literature research, interview surveys, and qualitative and quantitative analysis methods. Using the PEST analysis tool, the study conducts a comprehensive analysis of the macro environment in which the company operates. The “Porter’s Five Forces” model is applied to summarize the competitive environment of L Company’s industry. An in-depth analysis of the company’s internal resources and capabilities identifies its strengths and weaknesses. The SWOT analysis tool is then utilized to formulate strategic combinations and derive alternative strategies for the company. The QSPM method is used to select the most suitable overall strategy for the company’s current development needs, while the competitive strategy is determined based on the competitive environment. Finally, implementation safeguards are proposed to support the strategies. The main conclusions of the study are as follows:

First, L Company’s performance in responding to external opportunities and challenges is above average. Major opportunities include substantial government policies supporting the Luosifen industry, the upgrading of consumption patterns due to improved living standards, the rapid development of the Luosifen industry and its solid market foundation, diversified sales channels, advancements in production equipment and processes, improved industry standards, and strong export growth. Key threats include intensified competition within the industry, product homogeneity, low brand differentiation, significant threats from potential entrants and substitutes, frequent food safety issues, and a shortage of mid-to-high-level talent. Second, L Company’s internal strengths outweigh its weaknesses. The company is an industry leader with a strong reputation, large production capacity, comprehensive qualifications, competitive products, excellent suppliers, and a stable customer base. However, it also faces challenges such as inadequate human resource management, limited sales channels, and insufficient coverage of automated production lines. Third, L Company’s development strategy should adopt a combination of intensive growth as the primary approach and related diversification as a complementary approach.

Implementation should focus on strengthening the competitive advantages of rice noodles, creating a differentiated layout for Luosifen products, driving the diversified market expansion of “Luosifen+” dining, and enhancing the company’s international operational capabilities to achieve sustainable growth. Fourth, L Company should implement cost leadership and differentiation as its competitive strategies. For the rice noodle business, a cost leadership strategy should focus on optimizing labor, production, procurement, and economies of scale to reduce costs and improve efficiency, further enhancing L Company’s market competitiveness. For the Luosifen business, a differentiation strategy should be pursued to gain advantages in the highly competitive Luosifen market. Fifth, based on L Company’s strategic development plan, safeguards are proposed in terms of organizational structure, funding, human resources, corporate culture, and food safety to ensure the successful implementation of its development strategies.

Looking forward, as the Luosifen industry advances toward its goal of becoming a trillion-yuan market, and with the broader development potential of the rice noodle sector, there is significant scope for further research. How L Company can capitalize on the growth opportunities within the Luosifen industry, adjust and optimize its development strategy, and establish a competitive position in the intensely competitive market merits continued investigation. Future research could delve into two key areas: first, a deeper exploration of the current state and characteristics of segmented markets within the rice noodle industry to uncover additional opportunities for L Company to diversify its product portfolio and achieve multi-category compatibility; and second, an in-depth study of the current market conditions and trends in the Luosifen restaurant supply chain and emerging “Luosifen+” dining models to provide more precise recommendations for L Company in formulating and implementing its related diversification strategies.

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